CITY OF HURST, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2017

Prepared by:

City of Hurst, Texas
Finance Department

CITY OF HURST
TEXAS

CONTENTS

INTRODUCTORY SECTION

Transmittal Letter i
Organization Chart vi
Principal Officials vii
Certificate of Achievement For Excellence in Financial Reporting viii

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis 3

BASIC FINANCIAL STATEMENTS

Government-wide financial statements

Statement of net position 13
Statement of activities 14

Fund financial statements

Balance sheet, governmental funds 16
Reconciliation of total governmental fund balances to net position of governmental activities 18
Statement of revenues, expenditures, and changes in fund balances, governmental funds 20
Reconciliation of changes in fund balances of governmental funds to the change in net position in the statement of activities 22
Statement of net position, proprietary funds 24
Statement of revenues, expenses, and changes in net position, proprietary funds 26
Statement of cash flows, proprietary funds 28
Statements of assets and liabilities, agency fund 32

Notes to basic financial statements 33

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of changes in net pension liability and related ratios 61
Schedule of contributions 62
Notes to schedule of contributions 63
Schedule of revenues, expenditures, and changes in fund balance, budget and actual – GAAP basis, general fund 65
Schedule of revenues, expenditures, and changes in fund balances, budget and actual – GAAP basis, major special revenue funds 68

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

Fund descriptions 71
Comparative balance sheets, general fund 73
Combining balance sheet, nonmajor governmental funds 74

CONTENTS (Continued)

FINANCIAL SECTION (CONTINUED)

Combining statement of revenues, expenditures, and changes in fund balances, nonmajor governmental funds		76
Combining balance sheet, debt service funds		78
Combining statement of revenues, expenditures, and changes in fund balances, debt service funds		79
Schedule of revenues, expenditures, and changes in fund balances, budget and actual, debt service funds		80
Combining statement of net position, nonmajor proprietary funds		83
Combining statement of revenues, expenses, and changes in net position, nonmajor proprietary funds		84
Combining statement of cash flows, nonmajor proprietary funds		85
Combining statement of net position, internal service funds		87
Combining statement of revenues, expenses, and changes in net position, internal service funds		88
Combining statement of cash flows, internal service funds		89
Statement of changes in assets and liabilities, agency fund		90
Schedule of governmental capital assets by function and activity		91
Schedule of changes in governmental capital assets by function and activity		92

STATISTICAL SECTION

Table		
A	**Financial Trends**	
A-1	Net position by component	94
A-2	Changes in net position	96
A-3	Fund balances, governmental funds	100
A-4	Changes in fund balances, governmental funds	102
A-5	Tax revenues by source, governmental funds	104
B	**Revenue Capacity**	
B-1	Appraised value of property	105
B-2	Direct and overlapping property tax rates, all governments	106
B-3	Principal property tax payers	107
B-4	Property tax levies and collections	108
B-5	Sales tax sources by NAICS Category	109
B-6	Sales tax rate and sales tax revenue	110
B-7	Principal water customers	111
C	**Debt Capacity**	
C-1	Ratios of outstanding debt by type	112
C-2	Ratios of net general bonded debt to assessed value and net value bonded debt per capita	114
C-3	Direct and overlapping governmental activities debt	116
C-4	Legal debt margin information	117
C-5	Pledged-revenue coverage	118
D	**Demographic and Economic Information**	
D-1	Demographic and economic statistics	120
D-2	Principal employers	121
E	**Operating Information**	
E-1	Full-time equivalents city government employees by function/program	122
E-2	Operating indicators by function/program	124
E-3	Capital asset statistics by function/program	126

INTRODUCTORY SECTION

CITY OF HURST
TEXAS

February 27, 2018

Honorable Mayor and City Council Members
City of Hurst
Hurst, Texas

The Comprehensive Annual Financial Report (CAFR) of the City of Hurst, Texas (City) for the fiscal year ended September 30, 2017 is attached. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in the report.

This document is organized as prescribed by Governmental Accounting Standards Board pronouncement #34 (GASB 34). Accounting standards require the inclusion of a narrative introduction and an overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, which is located immediately following the independent auditor's report.

The CAFR is presented in three parts comprised of the Introductory, Financial, and Statistical sections. The Introduction includes the transmittal letter, the City's organizational chart, and a list of principal officials. The Financial section includes the MD&A, government-wide financial statements, the fund financial statements and notes, combining statements and individual fund schedules, as well as the independent auditor's report on the financial statements and schedules. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis. In the future, the City will implement and incorporate new GASB pronouncements in the financial statements and notes according to their effective dates.

REPORTING ENTITY AND ITS SERVICES

Voters adopted the City of Hurst Home Rule Charter on December 29, 1956. The City operates under a Council-Manager form of government with the City Council consisting of a Mayor and six Council members elected at-large. The City provides a full range of services, including public safety (police, fire, emergency medical protection, and animal services), municipal court, streets and drainage, engineering, traffic and transportation, water distribution, contracted sewer treatment, contracted sanitation, health, parks, recreation, senior activities, library, conference center, public improvements, building inspections, neighborhood services, development, and general administrative services. The Hurst-Euless-Bedford, Birdville, and Grapevine-Colleyville Independent School Districts provide elementary and secondary education services within the City. The Tarrant County College Northeast Campus and a Dallas Baptist University satellite campus are also located within city limits.

ECONOMIC CONDITION AND OUTLOOK

The City of Hurst is located in north central Texas, in northeast Tarrant County, approximately nine miles from downtown Fort Worth and eighteen miles from downtown Dallas on SH-121, Airport Freeway (also known as the North Tarrant Express). Hurst's centralized location provides quick access to both Dallas and Fort Worth metropolitan areas and is fifteen minutes away from one of the World's busiest airports, D/FW International. The City has a total land area of 10.2 square miles and is 98% developed.

The political environment in Hurst has earned the reputation of a City Council having a professional and sincere approach with tenure providing a high degree of stability. Hurst's six at-large Council members and Mayor are very supportive of staff. They are open to receiving input from the public through surveys, town hall meetings and public hearings. The political stability exhibited by the City Council translates into sound policy direction that is carried out by the City's management team. The Council's policy direction has maintained the City's competitive advantage and high quality of life. In 2013, Hurst's Council was named the Council of the Year by the Texas City

proactive approach provides financial stability and allows the City to maintain quality services and programs.

MAJOR INITIATIVES

FISCAL YEAR 2016-2017 - During the past fiscal year, the City of Hurst implemented and completed several major projects and programs. Departmental missions and programs are highlighted as follows:

The Public Services Department is dedicated to providing a broad range of support services to staff and citizens through the Legislative and Public Information Divisions. The Legislative Division worked to effectively represent the residents of Hurst and improve the quality of life throughout the City. The Hurst City Council remains engaged with both U.S. and state congressional leaders while also actively participating in professional associations like the Texas Municipal League (TML) and the National League of Cities (NLC). Duties of the Public Information Division include the administration of elections, timely preparation of agendas and minutes to accurately record the proceedings of City Council meetings, and the oversight of public records. In 2016-2017, the Public Information Division conducted a City election, updated the City's electronic code of ordinances, and managed the board, commission and committee applicant process.

The Administration Department effectively executes City Council policies, programs and directives, conducts City operations in an efficient and effective manner and responds promptly to citizen inquiries and requests. In coordination with the City Council and Executive Directors, Administration developed a new Strategic Plan in fiscal year 2016-2017 that included a Community Values Statement and Strategic Priorities. Administration also continued its leadership and management development programs. Through these programs, employees are selected using an application and management screening process and are offered specialized training and mentorship opportunities to insure the organization's next generation of leaders are well-prepared.

The General Services Department includes the Equipment Services, Utility Billing and Judicial Divisions. Equipment Services supports all City Departments by maintaining, repairing and replacing City equipment. Equipment Services is responsible for 266 pieces of equipment, and in 2016-2017, they performed preventive maintenance on 525 pieces of equipment and completed 1,700 equipment repairs. Utility Billing oversees billing/collections for water, wastewater, sanitation and recycling services offered by the City. Staff reads over 12,000 meters each month. In 2016-2017, Utility Billing continued its customer service courtesy calls in an effort to lower the number of customers who are disconnected for late payment and changed out approximately 1,000 aging meters throughout the City. The Judicial Division provides just and impartial disposition of all cases filed in the Hurst Municipal Court. In 2016-2017, the Judicial Division continued its efforts to improve operational effectiveness and efficiency, including the rotational cross training of all clerks.

The Community and Economic Development Divisions seek to expand the local economy by retaining existing businesses and attracting new businesses to Hurst. As evidence of their efforts, business occupancy has reached 95% of capacity. This Division also operates the City's Neighborhood Services Program, addressing code enforcement violations such as property maintenance and junked or abandoned vehicles to keep the City clean and safe while preserving property values.

The Fiscal Services Department provides fiscally responsible control and guidance over all financial matters of the City. In 2016-2017, the City maintained its strong credit ratings and managed a debt refunding of $3.85 million that will save the City $416,000 over the life of the issuance. Fiscal Services received its forty-third Certificate of Achievement for Excellence in Financial Reporting and its twenty-ninth consecutive Distinguished Budget Award.

The Human Resources Department partners with management and staff to serve all employees with excellence in such areas as employee relations, strategic planning, policy administration, and pay and benefits administration. In 2016-2017, the City held its annual Health Fair and conducted wellness screenings for employees, retirees and spouses. Human Resources partnered with a benefits consultant to negotiate the costs paid by the City and employees for health care. Human Resources also facilitated various employee development and recognition initiatives throughout the year, including Ambassadors of the Month/Year, leadership/supervisor training and the eigth annual employee conference.

The Police Department is dedicated to providing exceptional service to its citizens and employees through a problem solving approach emphasizing a commitment to "Excellence through Teamwork." The Department's budget is supplemented by a .5% (half-cent) anti-crime sales tax that generated approximately $5.2 million in 2016-2017. In 2016-2017, the Police Department implemented a body camera recording system, created a mobile forensic lab, and established a small Unmanned Aircraft (drone) program with the Fire Department.

- Community Services will undertake major projects including the replacement of the playgrounds at Echo Hills and Jaycee Baker parks, the replacement of the City's telecommunication system, and the implementation of a Citywide document imaging system.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the City are protected from loss, theft, or misuse and to insure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal controls structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control system should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

RISK MANAGEMENT

The City maintains budgetary controls, including an encumbrance accounting system, to insure that actual expenditures do not exceed budgeted (appropriated) amounts. These budgetary controls are established at the fund level.

To assist with ongoing oversight, key members of the City Manager's Office and Fiscal Services meet monthly to review the City's financial statements. The City has also engaged an outside consultant who employs various techniques, including data analysis and process reviews, to identify potential control weaknesses.

To insure that the financial statements are fairly presented in accordance with generally accepted accounting principles, the City Council engaged Rylander, Clay and Opitz, LLP to conduct an independent audit of our financial statements for the fiscal year ending 9/30/2017.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hurst for its comprehensive annual financial report (CAFR) for fiscal year ended September 30, 2016. This was the 43rd year that the government has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. The Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

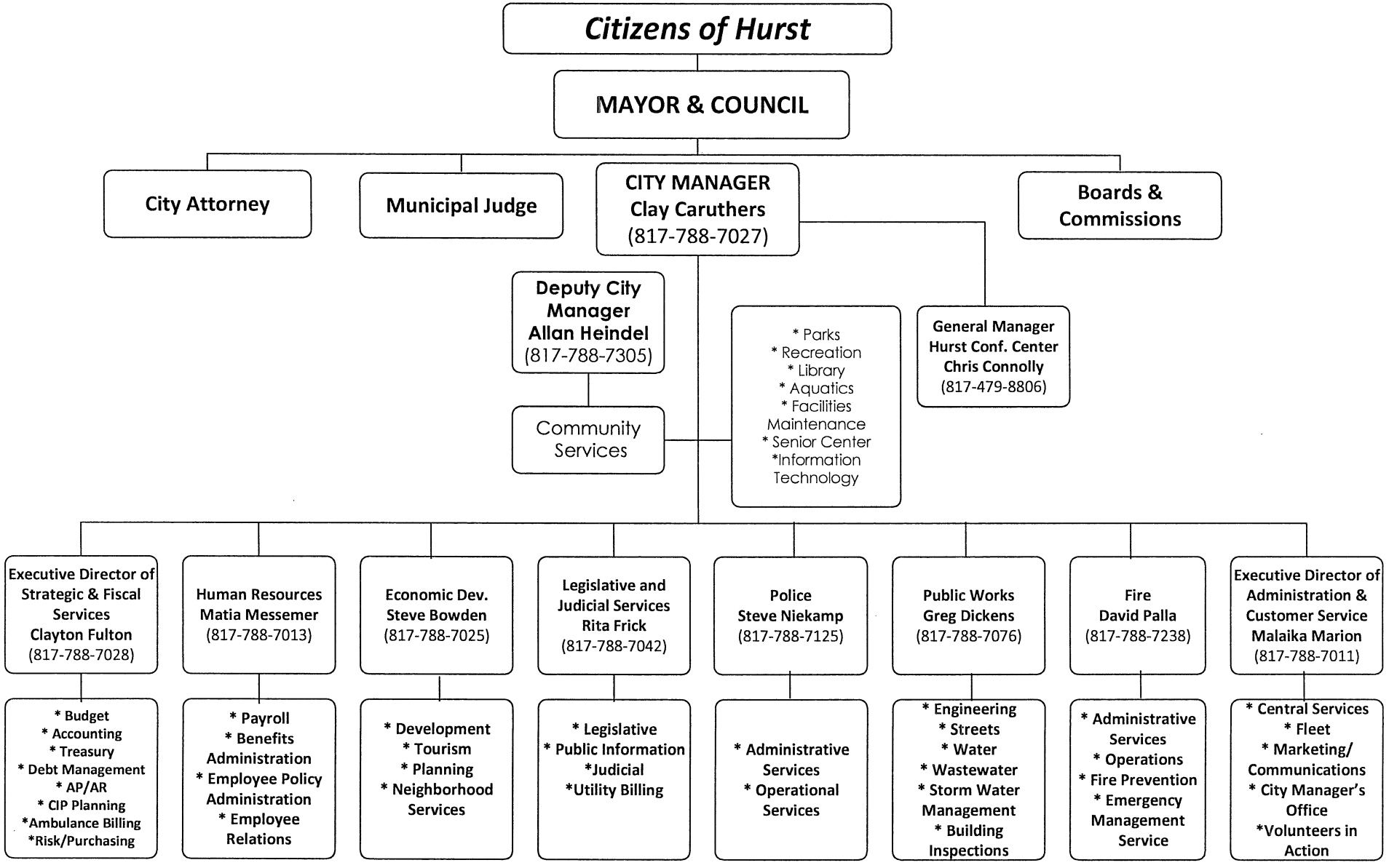
ACKNOWLEDGMENTS

The preparation of the CAFR on a timely basis could not be accomplished without the efficient and dedicated services of the Fiscal Services Department staff. Appreciation is expressed to all members of the department who contributed to its preparation. I would like to especially thank Paul Brown, Managing Director of Fiscal Services, for overseeing the year-end audit process. The Mayor and members of the City Council are thanked for their strong leadership and support in planning and providing the resources necessary to conduct the financial operation of the City in a responsible and progressive manner. Without that leadership and support, the progress evidenced by this report would not have been possible.

Respectfully submitted,

Clay Caruthers
CITY MANAGER

CITY OF HURST



Rev. 01/18

CITY OF HURST

LIST OF PRINCIPAL OFFICIALS

September 30, 2017

CITY COUNCIL

Richard Ward	*Mayor*
Henry Wilson	*Mayor Pro Tem*
David Booe	*Councilmember*
Trasa Cobern	*Councilmember*
Larry Kitchens	*Councilmember*
Bill McLendon	*Councilmember*
Nancy Welton	*Councilmember*

MANAGEMENT TEAM

Clay Caruthers	*City Manager*
Allan Heindel	*Deputy City Manager*
Clayton Fulton	*Executive Director-Strategic & Fiscal Services*
Malaika Marion	*Executive Director-Administration & Customer Svc*
David Palla	*Fire Chief*
Steve Niekamp	*Police Chief*
Rita Frick	*City Secretary*
Gregory Dickens	*Executive Director Public Works*
Steve Bowden	*Executive Director Economic Development*
Matia Messemer	*Executive Director of Human Resources*
Paul Brown	*Managing Director Finance*
Kyle Gordon	*Managing Director Community Services*
Michele Lazo	*Managing Director Community Dev/Planning*

John Boyle	*City Attorney*
Rylander, Clay & Opitz, LLP	*Auditors*

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hurst

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

CITY OF HURST
TEXAS

RYLANDER, CLAY & OPITZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS
Smart Solutions. Real Results.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor,
City Council and City Manager
City of Hurst, Texas

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hurst, Texas (the "City"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

3200 Riverfront Drive, Suite 200 | Fort Worth, Texas 76107-6561
PHONE: 817.332.2301 | 866.399.3278 FAX: 817.338.4608 | www.rcosolutions.com

An independently owned member
RSM US Alliance
RSM

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, and budgetary comparison information on pages 3 through 11 and 62 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, and schedule of capital assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund financial statements, budgetary schedules, and schedule of capital assets are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the City's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Rylander Clay & Opitz, LLP

February 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of City of Hurst's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2017.

Please read it in conjunction with the City's basic financial statements, which begin on page 13.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources for the City of Hurst exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended September 30, 2017 by $206,319,262. Of this amount, $21,893,515 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position decreased $1,873,301 as a result of this year's operations, a decrease of 0.9%. The net position of business-type activities increased by $2,352,960 or 4.7%, primarily due to operating revenues exceeding operating expenses by $2.1 million. Net position of the City's governmental activities decreased by $4,226,261, or 2.7%, primarily due to a decrease in cash and cash equivalents, investments and pension related deferred outflows. The decline in assets noted above were partially offset by a decrease in accounts payable and accrued liabilities, bonds and other long-term debt, and pension related deferred inflows.
- Total governmental capital assets increased by 0.3%. This year's most notable asset additions are listed on page 9.
- The City's business-type activities are made up of water & sewer delivery, storm water management, and Hurst Conference Center (HCC) operations. The Water & Sewer Fund ended the year in positive financial condition with operating income equal to $1,534,747. The Storm Water Management Fund provides for annual infrastructure maintenance and continues to accumulate reserves for large-scale projects identified in the City's Capital Improvements Plan (CIP). The Storm Water Management Fund contributed around $826,015 to the change in net position of business-type activities. HCC completed its seventh full-year of operations in 2016-2017. HCC experienced an operating income of approximately $157,641 and finished the year with positive net cash flow. The City plans for HCC to remain around "break-even" operationally with economic development sales tax and hotel/motel occupancy tax supporting the center's debt.
- Total cost of all of the City's programs was $75.6 million in 2017 compared to $76.0 million in 2016.
- During the year, the City had expenses for governmental activities of $4.2 million more than the $47.6 million generated in general revenues, other program revenues, and transfers. Cost of living and market adjustments for employees, rising healthcare costs, and depreciation expense associated with major fixed asset additions all contributed to the decrease in net position.
- The business-type activities had expenses of $2.4 million less than the $26.1 million generated in charges for service, other program revenues, and transfers

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 13 through 15) provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 16. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 13. One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net position* and changes in them. You can think of the City's net position, the difference between assets and deferred outflows, what the citizens own, and liabilities and deferred inflows, what the citizens owe, as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the City's tax base, and the condition of the City's capital assets (roads, buildings, and water and sewer lines) to assess the *overall health* of the City.

- For the governmental funds, fund balance decreased by $5 million. Revenues increased by $2 million while expenditures increased by $4.8 million. Capital expenditures increased in fiscal year 2017 as debt issued in the previous fiscal year was expended. Cost of living and market adjustments for employees and rising healthcare costs also contributed to the decline in the fund balance.

In the Statement of Net Position and the Statement of Activities we divide the City into two kinds of activities:

- Governmental activities: most of the City's basic services are reported here, including the police, fire, municipal court, street maintenance, parks and recreation, financial services and general administration. Property taxes, sales taxes, charges for services, and fines/forfeitures finance most of these activities.

- Business-type activities: the City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and sewer system, storm water management activities, and conference center operations are reported here.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Our analysis of the City's major funds begins on page 16. The governmental funds financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain revenues. Understanding a fund's origin and purpose is essential for the appropriate presentation of fund balance per GASB 54, *Fund Balance Reporting and Government Fund Type Definitions.*

The City's two primary types of funds, governmental and proprietary, use different accounting approaches.

Governmental funds: Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations following the fund financial statements.

Proprietary funds: When the City charges customers for the full cost of the services it provides, whether to outside

customers or to other units of the City, these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds (a component of business type funds) are the same as the business-type activities we report in the government-wide statements (except for any proration of net income or loss from internal service funds) but provide more detail and additional information, such as cash flows, for proprietary funds.

THE CITY AS A WHOLE

The City's *combined* net position changed from a year ago, *decreasing* from $214,292,340 to $208,192,563. Looking at the net position and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1

Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	$ 58,216,262	$ 66,325,941	$ 24,762,482	$ 23,107,369	$ 82,978,744	$ 89,433,310
Capital assets	167,181,244	166,694,507	49,021,278	47,821,798	216,202,522	214,516,305
Total assets	225,397,506	233,020,448	73,783,760	70,929,167	299,181,266	303,949,615
Deferred outflows of resources	9,761,080	11,889,338	1,937,235	2,281,153	11,698,315	14,170,491
Long-term liabilities	76,232,585	77,774,014	13,502,329	14,546,841	89,734,914	92,320,855
Other liabilities	4,322,165	7,750,428	10,263,068	8,955,146	14,585,233	16,705,574
Total liabilities	80,554,750	85,524,442	23,765,397	23,501,987	104,320,147	109,026,429
Deferred inflows of resources	207,341	762,588	32,831	138,526	240,172	901,114
Net position:						
Net investment in Capital Assets	113,111,656	116,996,558	38,497,026	36,190,346	151,608,682	153,186,904
Restricted	18,464,010	24,767,252	14,353,055	12,911,394	32,817,065	37,678,646
Unrestricted	22,820,829	16,858,946	(927,314)	468,067	21,893,515	17,327,013
Total net position	$ 154,396,495	$ 158,622,756	$ 51,922,767	$ 49,569,807	$ 206,319,262	$ 208,192,563

Table 2

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Revenues						
General Revenue						
Sales Taxes	$ 20,043,791	$ 20,685,644	$ -	$ -	$ 20,043,791	$ 20,685,644
Franchise Taxes	2,961,774	2,967,123	-	-	2,961,774	2,967,123
Property Taxes	14,814,146	13,982,919	-	-	14,814,146	13,982,919
Other Taxes	705,786	716,281	-	-	705,786	716,281
Investment earnings	430,170	385,477	154,350	132,649	584,520	518,126
Miscellaneous	1,251,454	280,870	-	-	1,251,454	280,870
Program revenue						
Charges for service	5,274,258	5,409,383	25,369,967	23,544,361	30,644,225	28,953,744
Operating grants and contributions	1,613,979	862,969	10,931	44,622.00	1,624,910	907,591
Capital grants and contributions	265,990	218,830	811,985	693,753	1,077,975	912,583
Total revenues	47,361,348	45,509,496	26,347,233	24,415,385	73,708,581	69,924,881
Program expenses including indirect expenses						
Public safety	26,946,144	24,614,274	-	-	26,946,144	24,614,274
Culture and recreation	12,554,825	12,112,717	-	-	12,554,825	12,112,717
General government	5,503,950	8,168,344	-	-	5,503,950	8,168,344
Interest on debt	1,888,355	2,328,484	-	-	1,888,355	2,328,484
Public works	4,928,786	5,174,276	-	-	4,928,786	5,174,276
Water and sewer	-	-	20,090,660	20,384,872	20,090,660	20,384,872
Conference and meeting center	-	-	2,654,063	2,362,568	2,654,063	2,362,568
Stormwater	-	-	1,015,099	879,123	1,015,099	879,123
Total expenses	51,822,060	52,398,095	23,759,822	23,626,563	75,581,882	76,024,658
Excess before transfers	(4,460,712)	(6,888,599)	2,587,411	788,822	(1,873,301)	(6,099,777)
Transfers	234,451	180,384	(234,451)	(180,384)	-	-
Change in net position	(4,226,261)	(6,708,215)	2,352,960	608,438	(1,873,301)	(6,099,777)
Net position beginning	158,622,756	165,330,971	49,569,807	48,961,369	208,192,563	214,292,340
Net position ending	$ 154,396,495	$ 158,622,756	$ 51,922,767	$ 49,569,807	$ 206,319,262	$ 208,192,563

Net position of the City's governmental activities decreased, equaling $154,396,495 at September 30, 2017 compared to $158,622,756 at September 30, 2016.

Unrestricted net position of the City's governmental activities, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements increased from $16,858,946 at September 30, 2016 to $22,820,829 at September 30, 2017. Restricted net position, the part of net position that is restricted mainly for debt service, capital projects, crime prevention, and culture and recreation decreased from $24,767,252 at September 30, 2016 to $18,464,010 September 30, 2017. The total net position category, including both restricted and unrestricted amounts, decreased by $341,359. The category, Net Investment in Capital Assets, decreased by $3,884,902. The City's infrastructure is evaluated annually and maintenance schedules are updated accordingly.

The net position of the City's business-type activities increased by 4.7% to $51,922,767 in 2017 compared to $49,569,807 in 2016. An operating income of $2,063,414 increased net position. Water and sewer rates were increased by 4% for fiscal year 2016-2017. Water and sewer activity income is heavily influenced by weather patterns. For example, mild temperatures and heavy rainfall contributed to a $1.4 million deficit just seven years ago, and subsequent years have resulted in more favorable financial results. Overall, the Water & Sewer Fund remains fiscally sound.

THE CITY'S FUNDS

The following schedule presents a summary of general, special revenue, capital projects/special projects, and debt service revenues and expenditures for the fiscal year ended September 30, 2016, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues:	2016-2017 Amount	Percent of Total	Increase (Decrease) from 2015-2016	Percent Increase (Decrease)
Taxes	$ 38,900,450	81.89%	$ 485,478	1.26%
Licenses and permits	878,517	1.85%	95,735	12.23%
Charges for services	2,065,177	4.35%	29,781	1.46%
Fines and forfeitures	2,436,813	5.13%	(11,227)	-0.46%
Intergovernmental	1,613,979	3.40%	739,403	84.54%
Interest	412,492	0.87%	98,539	31.39%
Miscellaneous	1,195,603	2.52%	652,578	120.17%
Total Revenues	$ 47,503,031	100.00%	$ 2,090,287	

Charges for services increased primarily due to the opening of the newly renovated Chisholm Aquatics Center. Intergovernmental revenues increased due to an increase in grant revenue. Interest earnings increased due to timing of maturities and higher interest rates. Licenses and permits increased and generally fluctuate due to uncertain levels of construction activity. Fines and forfeitures revenue increased as more offenders chose to make payments to the court rather than serve time. Taxes were flat as the Tarrant Appraisal District was not able to update property values due to a major software conversion. Miscellaneous decreased due to the decline in rents and royalties, in kind peg fees, and loss on sale of assets.

Expenditures	2016-2017 Amount	Percent of Total	Increase (Decrease) from 2015-2016	Percent Increase (Decrease)
General government	$ 3,664,549	6.88%	$ 396,024	12.12%
Public safety	23,618,438	44.36%	2,112,389	9.82%
Culture and recreation	9,950,204	18.69%	606,167	6.49%
Public works	2,109,784	3.96%	14,198	0.68%
Capital outlay	8,313,541	15.61%	1,526,061	22.48%
Debt service				
Principal	3,466,724	6.51%	331,822	10.58%
Interest and fees	2,119,020	3.98%	(168,865)	-7.38%
Total Expenditures	$ 53,242,260	100.00%	$ 4,817,796	

Capital Outlay and public works maintenance amounts fluctuate each year according to construction schedules and asset replacement programs. The 22.5% increase in capital outlay is primarily related to the renovation of the Central Aquatics Center and repairs at the Recreation Center.

The General Fund is the chief operating fund of the City. General Fund revenues exceeded expenditures by $2.6 million. As a result, $1.3 million of this excess was transferred to the Special Projects Fund for one-time capital expenditures and unfunded needs. An additional $350,000 of this excess was transferred to the Loss Reserve Fund to offset health care costs. After all year-end transfers were complete, the spendable, unassigned fund balance of the General Fund was $9,162,496 compared to $9,172,096 at the year ended September 30, 2016. Staff monitors fund balance to insure that ninety days of operations are always in reserve.

The Fund Balance in the Half Cent Development Corporation (HCDC) Special Revenue Fund decreased by $482,427 in 2017 after decreasing $173,160 in 2016. The Chisholm Aquatics Center was closed in fiscal year 2015 and the Central Aquatics Center was closed in fiscal year 2016 for renovations. Both pools were open in fiscal year 2017 and, as a result, operating expenditures increased for this division. As stated above, debt was issued in 2016 to renovate the Central Aquatics Center and for repairs at the Recreation Center. As a result, transfers to the debt service fund increased by $306,085 from the prior year. The HCDC Fund also provides pay-as-you go funding for major infrastructure projects. These capital expenditures, which can fluctuate from year-to-year, also increased. The HCDC fund balance is restricted for the Corporation's use. The Fund Balance in the Anti-Crime Special Revenue Fund decreased by $575,726, after decreasing $751,460 last year. This is a planned decrease in the Anti-Crime Fund to cover the cost of a radio system lease and other equipment approved by City Council.

The Special Projects Fund had capital expenditures of $573,369 for redevelopment and general improvement of City infrastructure. Special Projects' ending fund balance is restricted for projects approved by City Council and Management.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: At September 30, 2017, the City had $216,202,522 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and storm-water facilities. (See table below.) This represents a net increase of $1,686,217, or 0.8%, from last year. As stated above, the increase is primarily related to the renovation of the Central Aquatics Center and repairs at the Recreation Center.

	Governmental Activities 2017	Business-type Activities 2017	Total 2017
Land	$ 57,578,715	$ 399,478	$ 57,978,193
Buildings	58,940,397	297,930	59,238,327
Improvements	38,705,174	45,206,501	83,911,675
Machinery & equipment	8,011,342	813,026	8,824,368
CIP	3,945,616	2,304,343	6,249,959
Total	$ 167,181,244	$ 49,021,278	$ 216,202,522

This year's major asset additions (including work in progress) are as follows:

Title	Amount
Central Aquatics Renovation	$4,266,019
Recreation Center roof repair	1,557,333
Justice Center Building/DPE	954,952
City Hall Renovation	834,524
Justice Center Landscape	350,000
Chisholm Aquatics Replacement	233,850
Chisholm Park Imp Phase II	110,012

See Note 6 to the financial statements for more detailed information on capital asset activity.

Long-Term Debt: At September 30, 2017, the total debt outstanding was $69,147,652. Of this amount, $67,762,652 comprises debt backed by the full faith and credit of the City. The remaining $1,385,000 represents bonds secured by specific revenue sources. See Note 7 to the financial statements for more detailed information on long-term debt activity.

	Governmental Activities 2017	Business-type Activities 2017	Total 2017
Certificates of obligation	$ 15,436,004	$ 2,017,981	$ 17,453,985
General obligation	40,452,418	9,402,377	49,854,795
Capital lease obligation	453,872	-	453,872
Tax notes	1,180,000	-	1,180,000
Sales tax revenue bonds	205,000	-	205,000
Total	$ 57,727,294	$ 11,420,358	$ 69,147,652

The City's total debt decreased by $3,808,247, 5.2% during the current fiscal year. In fiscal year 2017, the City issued $1,180,000 in tax notes for a new fire truck and refunded debt to take advantage of lower interest rates.

The City's funds continue to have favorable credit ratings. The City's current ratings are as follows:

	Moody's Investor Services	Standard & Poor's
General Obligation Bonds	Aa2	AA
Enterprise Fund Obligations	Aa2	AA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In March 2017, the City Council held a Strategic Planning Session to review the status of City services and to provide direction to staff for the 2017-2018 Budget. The major objectives of the budget process are to identify cost savings and to provide funding to implement the Council's strategic plans. The City utilizes a hybrid zero-base/program/line item budget approach in which all budget requests are tied to City strategies and programs, and must be justified every year. The 2017-2018 budget reflects the positive financial condition of the City.

Sales taxes and property taxes are the two largest revenue sources for the City's governmental funds. Sales tax revenues are expected to remain stable or decrease slightly and are dependent on the economy. Appraised property values increased by 8.03% in Tax Year 2017 over Tax Year 2016. As a result, the City decreased its tax rate from $0.5879 per $100 valuation in fiscal year 2016-2017 to $0.58094 in fiscal year 2017-2018. Because property tax revenues are impacted by various exemptions as well as the senior and disabled-citizen tax freeze, the City will continue to practice a conservative operational approach.

The Enterprise (Water/Wastewater) Fund's operating budget increased by 2.97%. This increase is due to increasing costs for wholesale water and wastewater treatment. It is the City's policy to pass through all, or part, of the additional charges originating from the City's wholesale contracts with the City of Fort Worth and the Trinity River Authority. For 2017-2018, the City of Hurst approved a 2.5% increase in water and sewer rates for residential and commercial customers. The Enterprise Fund continues to experience extremes in weather conditions. Due to sound financial planning, the Enterprise Fund has been able to "weather" variations in rainfall and finish the fiscal year in a stable financial position.

Other Enterprise funds are established to account for Storm Drainage and Hurst Conference Center operations. The Storm Drainage fee generates approximately $1.1 million per year and all proceeds are utilized to mitigate flooding and other drainage issues throughout the City. The Hurst Conference Center completed its seventh full year of operations in 2016-2017. Events held at the facility include everything from intimate gatherings to corporate events hosting up to approximately 1,000 people. The financial opportunities for the facility will continue to improve as marketing efforts and customer experiences create additional and repeat business.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Office at 1505 Precinct Line Road, Hurst, Texas, 817.788.7067 or email pbrown@hursttx.gov. To view financial documents you may also visit the City's Website at www.hursttx.gov.

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

STATEMENT OF NET POSITION
September 30, 2017 with Comparative
Total for September 30, 2016

	Governmental Activities	Business-type Activities	Totals 2017	Totals 2016
ASSETS				
Cash and cash equivalents	$ 4,832,597	$ 2,898,240	$ 7,730,837	$ 9,431,885
Investments	46,733,976	16,150,341	62,884,317	65,958,193
Net receivables	6,438,356	3,473,451	9,911,807	10,035,114
Inventories and prepaid expenses	211,333	333,621	544,954	530,586
Restricted assets				
Cash and cash equivalents	-	576,829	576,829	1,146,532
Investments	-	1,330,000	1,330,000	2,331,000
Total current assets	58,216,262	24,762,482	82,978,744	89,433,310
Land	57,578,715	399,478	57,978,193	57,468,469
Depreciable assets, net	105,656,913	46,317,457	151,974,370	150,044,621
Construction in progress	3,945,616	2,304,343	6,249,959	7,003,215
Total noncurrent assets	167,181,244	49,021,278	216,202,522	214,516,305
Total assets	225,397,506	73,783,760	299,181,266	303,949,615
DEFERRED OUTFLOWS OF RESOURCES				
Deferred contributions to pension plan	1,711,837	313,573	2,025,410	1,785,645
Change in pension assumptions	1,200,936	205,067	1,406,003	1,837,294
Investment experience related to pension plan	5,356,515	919,022	6,275,537	8,488,989
Deferred loss on bond refunding	1,491,792	499,573	1,991,365	2,058,563
Total deferred outflows	9,761,080	1,937,235	11,698,315	14,170,491
Total assets and deferred outflows	$ 235,158,586	$ 75,720,995	$ 310,879,581	$ 318,120,106
LIABILITIES				
Accounts payable and accrued liabilities	$ 3,186,933	$ 1,674,323	$ 4,861,256	$ 7,216,299
Due to (from) other funds	(4,704,631)	4,704,631	-	-
Escrow deposits and unearned revenue	328,386	519,416	847,802	724,567
Customer deposits	-	1,800,965	1,800,965	1,711,369
Current portion of long-term debt	5,511,477	1,563,733	7,075,210	7,053,339
Total current liabilities	4,322,165	10,263,068	14,585,233	16,705,574
Pension liability	18,892,418	3,396,028	22,288,446	20,551,635
Bonds and other long-term debt	57,340,167	10,106,301	67,446,468	71,769,220
Total liabilities	80,554,750	23,765,397	104,320,147	109,026,429
DEFERRED INFLOWS OF RESOURCES				
Differences between expected and actual economic experience	207,341	32,831	240,172	901,114
NET POSITION				
Net investment in capital assets	113,111,656	38,497,026	151,608,682	153,186,904
Restricted for:				
Debt service	1,059,872	14,353,055	15,412,927	13,905,316
Capital projects	3,583,981	-	3,583,981	9,402,759
Crime prevention	6,146,436	-	6,146,436	6,722,162
Culture and recreation	4,061,680	-	4,061,680	4,544,107
Other	3,612,041	-	3,612,041	3,104,302
Unrestricted	22,820,829	(927,314)	21,893,515	17,327,013
Total net position	154,396,495	51,922,767	206,319,262	208,192,563
Total liabilities, deferred inflows, and net position	$ 235,158,586	$ 75,720,995	$ 310,879,581	$ 318,120,106

See notes to basic financial statements.

CITY OF HURST, TEXAS

STATEMENT OF ACTIVITIES
Year Ended September 30, 2017 with Comparative
Total for Year Ended September 30, 2016

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental activities:				
General government	$ 5,503,950	$ 19,165	$ 80,000	$ -
Public safety	26,946,144	3,229,547	666,713	-
Culture and recreation	12,554,825	1,244,593	-	-
Public works	4,928,786	780,953	867,266	265,990
Interest expense	1,888,355	-	-	-
Total governmental activities	51,822,060	5,274,258	1,613,979	265,990
Business-type activities:				
Water and sewer services	20,090,660	21,183,069	-	356,145
Stormwater management services	1,015,099	1,375,194	10,931	455,840
Conference and meeting center	2,654,063	2,811,704	-	-
Total business-type activities	23,759,822	25,369,967	10,931	811,985
Total government	$ 75,581,882	$ 30,644,225	$ 1,624,910	$ 1,077,975

General revenues:	
Property taxes, penalty, and interest	
Sales taxes	
Franchise taxes	
Occupancy taxes	
Interest	
Miscellaneous	
Transfers	
Total general revenues	
Change in net position	
Net position - beginning	
Net position - ending	

See notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-type Activities	Totals 2017	Totals 2016	
$ (5,404,785)	$ -	$ (5,404,785)	$ (8,069,874)	
(23,049,884)	-	(23,049,884)	(20,505,779)	
(11,310,232)	-	(11,310,232)	(10,955,765)	
(3,014,577)	-	(3,014,577)	(4,047,011)	
(1,888,355)	-	(1,888,355)	(2,328,484)	
(44,667,833)	-	(44,667,833)	(45,906,913)	
-	1,448,554	1,448,554	(1,600)	
-	826,866	826,866	466,896	
-	157,641	157,641	190,877	
-	2,433,061	2,433,061	656,173	
(44,667,833)	2,433,061	(42,234,772)	(45,250,740)	
14,814,146	-	14,814,146	13,982,919	
20,043,791	-	20,043,791	20,685,644	
2,961,774	-	2,961,774	2,967,123	
705,786	-	705,786	716,281	
430,170	154,350	584,520	518,126	
1,251,454	-	1,251,454	280,870	
234,451	(234,451)	-	-	
40,441,572	(80,101)	40,361,471	39,150,963	
(4,226,261)	2,352,960	(1,873,301)	(6,099,777)	
158,622,756	49,569,807	208,192,563	214,292,340	
$ 154,396,495	$ 51,922,767	$ 206,319,262	$ 208,192,563	

CITY OF HURST, TEXAS

GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2017 with Comparative
Total for September 30, 2016

	General Fund	Special Revenue Funds	
		HCDC	Anti-Crime
ASSETS			
Cash and cash equivalents	$ 1,050,446	$ 350,831	$ 287,090
Investments	7,993,937	3,695,527	6,886,287
Receivables:			
Taxes	1,912,246	904,150	892,781
Other	389,366	4,049	53,721
Inventories	1,883	-	-
Due from other funds	6,448,658	-	-
Total assets	$ 17,796,536	$ 4,954,557	$ 8,119,879
LIABILITIES			
Accounts payable and accrued items	$ 1,785,495	$ 217,575	$ 165,141
Escrow deposits payable and unearned revenue	439,866	-	-
Due to other funds	1,752,198	675,302	1,808,302
Total liabilities	3,977,559	892,877	1,973,443
FUND BALANCES			
Nonspendable:			
Inventory	1,883	-	-
Spendable:			
Restricted	3,612,041	4,061,680	6,146,436
Committed	474,002	-	-
Assigned	568,555	-	-
Unassigned	9,162,496	-	-
Total fund balances	13,818,977	4,061,680	6,146,436
Total liabilities and fund balances	$ 17,796,536	$ 4,954,557	$ 8,119,879

See notes to basic financial statements.

Capital Projects Funds	Other Governmental	Totals	
Special Projects	Funds	2017	2016
$ 549,160	$ 465,542	$ 2,703,069	$ 6,865,181
15,624,848	4,278,008	38,478,607	43,327,460
-	44,093	3,753,270	3,629,588
885,010	10,340	1,342,486	1,615,499
-	-	1,883	1,883
1,360,244	-	7,808,902	8,161,464
$ 18,419,262	$ 4,797,983	$ 54,088,217	$ 63,601,075
$ 123,795	$ 126,347	$ 2,418,353	$ 3,898,147
-	27,783	467,649	847,649
-	-	4,235,802	6,901,274
123,795	154,130	7,121,804	11,647,070
-	-	1,883	1,883
-	4,643,853	18,464,010	24,767,252
-	-	474,002	365,042
18,295,467	-	18,864,022	17,647,732
-	-	9,162,496	9,172,096
18,295,467	4,643,853	46,966,413	51,954,005
$ 18,419,262	$ 4,797,983	$ 54,088,217	$ 63,601,075

CITY OF HURST, TEXAS

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2017

Total governmental fund balances	$	46,966,413
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital assets.		164,278,415
Accrued interest on governmental activities debt is not reported in the funds until paid.		(216,812)
The ambulance receivable is not reported in the funds because it is not available for current period expenditures.		528,911
Unearned property taxes are not reported in the funds because they are not available for current period expenditures.		139,263
Unearned note receivable is not reported in the funds because it is not available for current period expenditures.		-
Accrued interest on governmental investments is not reported in the funds because it is not available for current period expenditures.		91,542
Municipal fines receivable are not reported in the funds because they are not available for current period expenditures.		657,984
Internal service funds are used by management to charge the cost of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the government-wide financial statements.		12,809,428
The other post employment benefit asset is not reported in the funds because it is not reported in the funds until paid.		162,933
The portion of the internal service funds due to business activities is reported in governmental activities in the government-wide financial statements.		799,290
Pension related liabilities and deferred outflows and inflows are not due and payable in the current period and therefore are not reported in the funds.		(10,510,292)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.		(5,075,078)
Losses on issuance of refunding bonds are not reported in the funds but are reported as deferred outflows in the statement of net position.		1,491,792
Bonds payable and capital lease obligations are not due and payable in the current period and therefore are not reported in the funds, excluding internal service funds long-term liabilities.		(57,727,294)
Net position of governmental activities	$	154,396,495

See notes to basic financial statements.

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended September 30, 2017 with Comparative Total for Year Ended September 30, 2016

	General	Special Revenue Funds HCDC	Special Revenue Funds Anti-Crime
Revenues:			
Taxes, penalty, and interest	$ 25,483,388	$ 4,928,877	$ 5,225,540
Licenses/permits	878,517	-	-
Support from governmental entities	802,036	-	105,372
Charges for services	2,065,177	-	-
Fines and fees	2,436,813	-	-
Interest	94,490	46,186	61,573
Miscellaneous	341,266	10,400	32,564
Total revenues	32,101,687	4,985,463	5,425,049
Expenditures:			
Current:			
General government	2,699,392	-	-
Public safety	18,097,111	-	5,507,949
Culture and recreation	6,548,315	3,401,889	-
Public works	2,109,784	-	-
Capital outlay	-	672,576	89,917
Debt service:			
Principal retirement	-	-	441,724
Interest and fiscal agent fees	-	-	24,629
Total expenditures	29,454,602	4,074,465	6,064,219
Excess (deficiency) of revenues over (under) expenditures	2,647,085	910,998	(639,170)
Other financing sources (uses):			
Issuance of debt	-	-	-
Premium on bond issuance	-	-	-
Refunding bonds issued	-	-	-
Payment to refunded bonds escrow agent	-	-	-
Transfers in	23,138	80,000	63,444
Transfers out	(2,075,788)	(1,473,425)	-
Total other financing sources (uses)	(2,052,650)	(1,393,425)	63,444
Net change in fund balances	594,435	(482,427)	(575,726)
Fund balances, beginning	13,224,542	4,544,107	6,722,162
Fund balances, ending	$ 13,818,977	$ 4,061,680	$ 6,146,436

See notes to basic financial statements.

Capital Projects Funds Special Projects	Other Governmental Funds	Totals 2017	Totals 2016
$ -	$ 3,262,645	$ 38,900,450	$ 38,414,972
-	-	878,517	782,782
706,571	-	1,613,979	874,576
-	-	2,065,177	2,035,396
-	-	2,436,813	2,448,040
164,364	45,879	412,492	313,953
798,930	12,443	1,195,603	543,025
1,669,865	3,320,967	47,503,031	45,412,744
958,168	6,989	3,664,549	3,268,525
13,378	-	23,618,438	21,506,049
-	-	9,950,204	9,344,037
-	-	2,109,784	2,095,586
573,369	6,977,679	8,313,541	6,787,480
-	3,025,000	3,466,724	3,134,902
-	2,094,391	2,119,020	2,287,885
1,544,915	12,104,059	53,242,260	48,424,464
124,950	(8,783,092)	(5,739,229)	(3,011,720)
-	1,180,000	1,180,000	4,905,000
-	-	-	1,931,800
-	1,500,000	1,500,000	11,240,000
-	(1,478,363)	(1,478,363)	(12,517,062)
1,384,004	1,845,296	3,395,882	3,414,597
(280,000)	(16,669)	(3,845,882)	(4,356,820)
1,104,004	3,030,264	751,637	4,617,515
1,228,954	(5,752,828)	(4,987,592)	1,605,795
17,066,513	10,396,681	51,954,005	50,348,210
$ 18,295,467	$ 4,643,853	$ 46,966,413	$ 51,954,005

CITY OF HURST, TEXAS

RECONCILIATION OF CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION IN THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2017

Net change in fund balances - total governmental funds	$	(4,987,592)
Amounts reported for governmental funds in the statement of activities are different because:		
Change in revenues not considered available in the governmental funds.		(534,616)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		(8,071,815)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized.		8,650,299
Governmental capital assets sold have the full proceeds reported as revenue instead of applying the basis of the asset sold.		(4,669)
a debt issuances increases long-term liabilities in the statement of net position.		(1,201,637)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		3,466,724
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		230,665
Some expenses reported in the statements of activities, such as compensated absences and post employment costs, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(2,260,789)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The change in net position of the internal service funds is reported with governmental activities (net of amount allocated to business-type activities of $63,613).		487,169
Change in net position of governmental activities	$	(4,226,261)

See notes to basic financial statements.

CITY OF HURST
TEXAS

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2017 with Comparative
Total for September 30, 2016

	Business Type Activities		Totals	
	Water & Sewer	Other Proprietary	2017	2016
Assets				
Current assets:				
Cash and cash equivalents	$ 1,673,827	$ 1,224,413	$ 2,898,240	$ 1,235,495
Investments	15,100,170	1,050,171	16,150,341	14,747,629
Accounts receivable (net of allowance for uncollectible accounts of $67,164 in 2017 and $85,661 in 2016)	3,025,213	225,197	3,250,410	3,032,768
Other receivables	211,817	11,224	223,041	264,278
Due from other funds	31,954	-	31,954	1,618,354
Inventory of materials and supplies, at cost	178,056	24,868	202,924	229,321
Prepaids and other assets	129,123	1,574	130,697	120,346
Restricted assets:				
Cash and cash equivalents	576,829	-	576,829	1,146,532
Investments	1,330,000	-	1,330,000	2,331,000
Total current assets	22,256,989	2,537,447	24,794,436	24,725,723
Noncurrent assets:				
Capital assets, at cost	80,950,345	3,961,764	84,912,109	82,124,238
Accumulated depreciation	(35,557,508)	(333,323)	(35,890,831)	(34,302,440)
Total noncurrent assets	45,392,837	3,628,441	49,021,278	47,821,798
Total assets	67,649,826	6,165,888	73,815,714	72,547,521
Deferred Outflows of Resources				
Deferred contributions to pension plan	237,012	76,561	313,573	275,231
Change in pension assumptions	149,757	55,310	205,067	274,037
Investment experience related to pension plan	680,453	238,569	919,022	1,272,988
Deferred loss on bond refunding	499,573	-	499,573	458,897
Total deferred outflows	1,566,795	370,440	1,937,235	2,281,153
Total assets and deferred outflows	$ 69,216,621	$ 6,536,328	$ 75,752,949	$ 74,828,674
Liabilities				
Current liabilities:				
Accounts payable and accrued items	$ 1,493,035	$ 136,237	$ 1,629,272	$ 2,336,373
Due to other funds	3,855,308	81,987	3,937,295	3,854,242
Unearned revenue	-	519,416	519,416	391,133
Current liabilities payable from restricted assets:				
Accrued bond interest	45,051	-	45,051	71,019
Customer deposits	1,800,965	-	1,800,965	1,711,369
Current portion of long-term debt	1,549,099	14,634	1,563,733	1,473,687
Total current liabilities	8,743,458	752,274	9,495,732	9,837,823
Pension liability	2,488,724	907,304	3,396,028	3,118,285
Long-term debt, net of current portion	10,080,153	26,148	10,106,301	11,428,556
Total liabilities	21,312,335	1,685,726	22,998,061	24,384,664
Deferred Inflows of Resources				
Differences between expected and actual economic experience	30,960	1,871	32,831	138,526
Net Position				
Net investment in capital assets	34,868,585	3,628,441	38,497,026	36,190,346
Restricted for:				
Debt service	14,353,055	-	14,353,055	12,911,394
Unrestricted	(1,348,314)	1,220,290	(128,024)	1,203,744
Total net position	47,873,326	4,848,731	52,722,057	50,305,484
Total liabilities, deferred inflows, and net position	$ 69,216,621	$ 6,536,328	$ 75,752,949	$ 74,828,674
Adjustment to net position to reflect the consolidation of internal service fund activities related to enterprise funds			(799,290)	
Net position of business-type activities			$ 51,922,767	

See notes to basic financial statements.

Governmental Activities- Internal Service Funds	
2017	2016
$ 2,129,528	$ 1,331,209
8,255,369	7,883,104
-	-
64,163	54,881
579,008	1,213,792
46,517	47,857
-	-
-	-
-	-
11,074,585	10,530,843
12,660,675	12,278,141
(9,757,846)	(9,288,237)
2,902,829	2,989,904
13,977,414	13,520,747
52,408	46,584
37,249	47,724
166,897	220,658
-	-
256,554	314,966
$ 14,233,968	$ 13,835,713
$ 551,768	$ 612,581
246,767	238,094
-	-
-	-
-	-
17,246	16,997
815,781	867,672
569,286	527,102
32,026	31,566
1,417,093	1,426,340
7,447	23,501
2,902,829	2,989,904
-	-
9,906,599	9,395,968
12,809,428	12,385,872
$ 14,233,968	$ 13,835,713

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2017 with Comparative Total for Year Ended September 30, 2016

	Business Type Activities			
			Totals	
	Water & Sewer	Other Proprietary	2017	2016
Operating revenues:				
Water and sewer sales	$ 20,699,574	$ -	$ 20,699,574	$ 19,591,530
Storm drainage utility fee	-	1,101,592	1,101,592	1,088,847
Service fees	-	2,811,704	2,811,704	2,553,445
Other	506,313	284,533	790,846	487,325
Total operating revenues	21,205,887	4,197,829	25,403,716	23,721,147
Operating expenses:				
Personnel services	4,451,203	1,783,953	6,235,156	5,649,078
Contractual services	8,186,274	-	8,186,274	8,432,147
Repairs and maintenance	482,141	325,338	807,479	840,698
Materials and supplies	139,468	50,692	190,160	202,971
Depreciation and amortization	1,669,338	122,778	1,792,116	1,659,534
Indirect cost/street rental fees	3,632,164	81,987	3,714,151	3,681,359
Other	1,110,552	1,304,414	2,414,966	2,605,352
Total operating expenses	19,671,140	3,669,162	23,340,302	23,071,139
Operating income	1,534,747	528,667	2,063,414	650,008
Non-operating revenues (expenses):				
Interest revenue	143,894	10,456	154,350	132,649
Interest expense	(355,907)	-	(355,907)	(430,090)
Gain (loss) on sale of property and equipment	(22,818)	-	(22,818)	(132,164)
Total non-operating revenues (expenses)	(234,831)	10,456	(224,375)	(429,605)
Income (loss) before contributions and transfers	1,299,916	539,123	1,839,039	220,403
Transfers in	-	-	-	-
Transfers out	(223,144)	(11,307)	(234,451)	(180,384)
Contributions	356,145	455,840	811,985	693,753
Change in net position	1,432,917	983,656	2,416,573	733,772
Net position - beginning of year	46,440,409	3,865,075	50,305,484	49,571,712
Net position - end of year	$ 47,873,326	$ 4,848,731	$ 52,722,057	$ 50,305,484
Adjustment to change in net position to reflect the consolidation of internal service fund activities related to enterprise funds			(63,613)	
Change in net position of business-type activities			$ 2,352,960	

See notes to basic financial statements.

Governmental Activities-Internal Service Funds	
2017	2016
$ -	$ -
-	-
9,092,782	8,569,741
56,915	45,968
9,149,697	8,615,709
6,827,299	6,978,843
118,711	116,596
555,303	377,125
1,234,131	1,203,693
802,089	775,897
-	-
-	-
9,537,533	9,452,154
(387,836)	(836,445)
71,091	55,876
-	-
55,850	(262,154)
126,941	(206,278)
(260,895)	(1,042,723)
764,451	1,201,416
(80,000)	(78,809)
-	-
423,556	79,884
12,385,872	12,305,988
$ 12,809,428	$ 12,385,872

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Year Ended September 30, 2017 with Comparative
Total for Year Ended September 30, 2016

	Business Type Activities			
			Totals	
	Water & Sewer	Other Proprietary	2017	2016
Cash flow from operating activities:				
Receipts from customers and users	$ 21,063,753	$ 4,340,200	$ 25,403,953	$ 24,572,904
Receipts from interfund services provided	-	-	-	-
Payments to suppliers	(10,475,309)	(1,840,592)	(12,315,901)	(11,492,730)
Payments on behalf of employees	(4,016,101)	(1,608,635)	(5,624,736)	(5,273,851)
Payments for interfund services used	(1,962,132)	(82,566)	(2,044,698)	(5,011,618)
Net cash provided by operating activities	4,610,211	808,407	5,418,618	2,794,705
Noncapital financing activities:				
Transfers to other funds	(223,144)	(11,307)	(234,451)	(180,384)
Transfers from other funds	-	-	-	-
Net cash provided by noncapital financing activities	(223,144)	(11,307)	(234,451)	(180,384)
Capital and related financing activities:				
Proceeds from long-term debt	2,350,000	-	2,350,000	1,210,000
Debt principal payments	(3,535,000)	-	(3,535,000)	(2,640,000)
Interest paid on revenue bonds	(576,791)	-	(576,791)	(471,502)
Purchases of property and equipment	(1,568,081)	(509,210)	(2,077,291)	(2,384,249)
Proceeds from sale of property and equipment	(45,918)	-	(45,918)	-
Net cash used in capital and related financing activities	(3,375,790)	(509,210)	(3,885,000)	(4,285,751)
Investing activities:				
Proceeds from sale/maturities of investments	11,194,152	320,000	11,514,152	12,030,154
Purchase of investments	(11,715,693)	(200,171)	(11,915,864)	(12,847,429)
Interest received on investments	187,659	7,928	195,587	60,737
Net cash provided by (used in) investing activities	(333,882)	127,757	(206,125)	(756,538)
Net increase (decrease) in cash and cash equivalents	677,395	415,647	1,093,042	(2,427,968)
Cash and cash equivalents - beginning of year	1,573,261	808,766	2,382,027	4,809,995
Cash and cash equivalents - end of year	$ 2,250,656	$ 1,224,413	$ 3,475,069	$ 2,382,027
Noncash activity:				
Capital contributions received in-kind	$ 356,145	$ 455,840	$ 811,985	$ 693,753
Reconciliation to Statement of Net Position				
Cash and cash equivalents	$ 1,673,827	$ 1,224,413	$ 2,898,240	$ 1,235,495
Restricted cash and cash equivalents	576,829	-	576,829	1,146,532
	$ 2,250,656	$ 1,224,413	$ 3,475,069	$ 2,382,027

See notes to basic financial statements.

Governmental Activities- Internal Service Funds	
2017	2016
$ 53,468	$ 51,149
9,736,239	8,578,464
(1,909,622)	(1,665,920)
(6,800,044)	(6,958,461)
-	-
1,080,041	5,232
(80,000)	(78,809)
764,451	1,065,059
684,451	986,250
-	-
-	-
-	-
(732,529)	(1,115,371)
73,365	94,902
(659,164)	(1,020,469)
3,430,959	3,819,532
(3,803,224)	(4,200,659)
65,256	48,239
(307,009)	(332,888)
798,319	(361,875)
1,331,209	1,693,084
$ 2,129,528	$ 1,331,209
$ -	$ -
$ 2,129,528	$ 1,331,209
-	-
$ 2,129,528	$ 1,331,209

(Continued)

CITY OF HURST, TEXAS

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
Year Ended September 30, 2017 with Comparative Total for Year Ended September 30, 2016

	Business Type Activities			
			Totals	
	Water & Sewer	Other Proprietary	2017	2016
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 1,534,747	$ 528,667	$ 2,063,414	$ 650,008
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,669,338	122,778	1,792,116	1,659,534
Change in assets and liabilities:				
Accounts receivable	(231,730)	14,088	(217,642)	549,637
Inventory of materials and supplies	5,403	20,994	26,397	(27,304)
Due to/from other funds	1,670,032	(579)	1,669,453	(1,330,259)
Prepaids and other assets	(11,811)	1,461	(10,350)	12,431
Accounts payable and other	(115,364)	(7,285)	(122,649)	978,538
Customer deposits and unearned revenue	89,596	128,283	217,879	302,120
Net cash provided by (used in) operating activities	$ 4,610,211	$ 808,407	$ 5,418,618	$ 2,794,705

See notes to basic financial statements.

	Governmental Activities Internal Service Funds	
	2017	2016
$	(387,836)	$ (836,445)
	802,089	775,897
	(3,447)	5,181
	1,340	(13,755)
	643,457	8,723
	-	-
	24,438	65,631
	-	-
$	1,080,041	$ 5,232

CITY OF HURST, TEXAS

AGENCY FUND
STATEMENTS OF ASSETS AND LIABILITIES
September 30, 2017 and 2016

	2017	2016
Assets		
Investments	$ 3,033,367	$ 2,484,617
Total assets	$ 3,033,367	$ 2,484,617
Liabilities		
Assets held for others	$ 3,033,367	$ 2,484,617
Total liabilities	$ 3,033,367	$ 2,484,617

See notes to basic financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Hurst, Texas (the "City") Home Rule Charter was adopted December 19, 1956, pursuant to Resolution No. 100, adopted November 13, 1956. The City operates under a Council-Manager form of government and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, and water and sewer utilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures, and expenses. Actual results could vary from the estimates that are used. Significant City policies are described below.

Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, in substance, are part of the City's operations.

The Hurst Community Services Development Corporation (HCDC) was incorporated in 1993 under the provisions of the Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended. HCDC operates under a seven member Board of Directors appointed by the City Council. The purpose of HCDC is to promote and finance projects required or suitable for athletic, entertainment, tourist, conventions, public parks, and related purposes. The Board of Directors of HCDC is substantially the same as the City Council and the City will ultimately bear the benefit or burden. HCDC has been incorporated into these basic financial statements as a blended component unit. Separate financial statements for HCDC are not released.

The Hurst Crime Control and Prevention District (HCCPD) was authorized by voter referendum on September 9, 1995 for five years under the provisions of the Crime Control and Prevention District Act, Article 2370c-4, Section 3.01, Vernon Civil Statutes, as amended. The district was renewed by voter referendum on August 12, 2000 for ten years and again on May 8, 2010 for twenty years. The HCCPD operates under a seven member Board of Directors appointed by the City Council. The purpose of the HCCPD is to provide relief to the General Fund for expanded crime prevention and enforcement activities. The Board of Directors of the HCCPD is substantially the same as the City Council and the City will ultimately bear the benefit or burden. The HCCPD has been incorporated into these basic financial statements as a blended component unit. Separate financial statements for HCCPD are not released.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. These financial statements include the financial activities of the overall government except the agency fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes result from special revenue funds and the restrictions on their net asset use. Separate financial statements are provided for governmental funds, proprietary funds, internal service funds, and agency fund. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

Fund Financial Statements

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. “Measurable” means that the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers all revenues susceptible to accrual as available if they are collected within 60 days after year-end.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise taxes, fines, interest, and charges for services. Licenses and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The major governmental funds are:

General Fund: The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds:

HCDC – To account for the sales and use tax levied by the City on behalf of HCDC.

Anti-crime – To account for the sales and use tax levied by the City on behalf of HCCPD.

Capital Projects Funds:

Special Projects Fund – To account for the purchase or construction of building improvements, computer equipment, and office machinery and equipment. Financing is provided primarily by operating transfers from the General Fund.

Internal Service Funds

The internal service funds account for the financing of goods or services provided by one department to other departments of the City on a user charge basis.

Fleet Service Fund – To account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of vehicles. Operations are financed by charges to the user departments based on vehicle usage.

The Loss Reserve Fund – To account for the City's partially self-insured health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

Information Services Fund – To account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

Proprietary Funds

The Water and Sewer Enterprise Fund accounts for providing water and sewer to residential and commercial users and is accounted for using the accrual basis of accounting. This fund accounts for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer Enterprise Fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

The agency fund is used to report assets held for beneficiaries to fund future post-employment benefits other than pensions. The City utilizes a trust to hold required contributions for other post-employment benefits.

Cash and Cash Equivalents

For purposes of reporting cash flows, the proprietary funds consider cash and investments with an initial maturity of less than three months as cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of amounts due from citizens for various services provided by the City as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of the aging of accounts and other specific information known by management.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Certificates of deposit are stated at cost with interest accrued as earned for government-wide presentation. External investment pools are stated at amortized cost. Other investments are stated at fair value, defined as the price at which two willing parties would complete an exchange.

Inventories

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method). General fund inventories are recognized as expenditures when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure such as roads, bridges, drainage systems, and lighting systems are reported at historical cost. Donated capital assets, donated works of art, and similar items are reported at acquisition value. Intangible assets with indefinite lives are recorded at cost and no amortization is taken. Intangible assets of the City consist of right of ways and easements. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 - 40 years
Infrastructure	20 - 30 years
Water and sewer system	50 years
Improvements	10 - 20 years
Machinery and equipment	3 - 17 years

Interest expense is capitalized on capital projects with durations over one year in the proprietary funds. Interest is capitalized until the project is ready for the intended use. The minimum capitalization threshold is any item with a total cost greater than $5,000.

Compensated Absences

Vested vacation leave (unpaid to employees terminated before year-end) that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. The long-term portion of compensated absences for governmental funds is reflected in the statement of net position. Vested or accumulated vacation leave within proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvested accumulating rights to receive sick pay benefits.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Interfund Transactions

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. There is no interest charged between funds for these advances.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable fund balance, is employed in the governmental funds. Encumbrances are reported as reservations of fund balances because they do not constitute expenditures or liabilities. The City allows encumbrances to lapse leaving no reservation of fund balance at September 30, 2017.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The City is reporting balances for deferred losses on bond refundings in both the government-wide Statement of Net Position and the Statement of Net Position – Proprietary Funds. A deferred loss on a bond refunding results when the issuance price of the refunding debt exceeds the carrying value of the debt that is refunded. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows also include pension related balances, which are detailed in Note 8.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows include pension related balances, which are detailed in Note 8.

Minimum Fund Balance

City management must institute a plan to achieve and maintain an unassigned fund balance in the general fund equal to no less than 90 days of operating expenditures. The City considers a balance of less than 90 days of operating expenditures to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the goal or has a deficiency, the City will enact its fiscal management plan. The fiscal management plan provides specific language to guide expenditure reduction and/or revenue enhancement actions.

Fund Balance Classifications and Uses

Committed - The City Council has the highest level of decision making authority. A resolution approved by the Council is the formal action required to establish, modify, or rescind a fund balance commitment.

Assigned - The City Council has authorized the City's Managing Director of Finance and Accounting/Fiscal Services or the City Manager as the officials authorized to assign fund balance to a specific purpose as established by the fund balance policy. Assignments of fund balance are mostly related to funds identified for future capital needs and technology needs.

The highest level of restricted resources are utilized first when an expense is incurred for which restricted, committed, or assigned resources are available. Unassigned resources are utilized after all other resources have been exhausted. Restricted funds in the general fund are primarily hotel tax collections and amounts held for the NETS Urban Transit District.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A description of the purposes of the restricted, committed, and assigned governmental fund balances at September 30, 2017 and 2016 follows:

	2017	2016
Restricted:		
Capital	$ 3,582,904	$ 9,402,759
Community development	5,743,939	6,036,598
Public safety	6,146,436	6,722,162
Debt service	1,059,872	993,922
Traffic signal safety	671,924	666,084
Urban transit	918,221	701,590
Other	340,714	244,137
Total restricted fund balances	$ 18,464,010	$ 24,767,252
Committed:		
Parks	$ 474,002	$ 365,042
Assigned:		
Building security	$ 164,007	$ 173,504
Technology	181,626	173,393
Juvenile cash management	222,922	234,322
Capital and special projects	18,295,467	17,066,513
Total assigned fund balances	$ 18,864,022	$ 17,647,732

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvements of those assets, and adding back unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Prior-Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's basic financial statements for the year ended September 30, 2016.

NOTE 2. BUDGETARY DATA AND STEWARDSHIP

The City is required to annually adopt budgets for the General, Special Revenue, and Debt Service Funds on a basis consistent with GAAP. Budgeted amounts are originally adopted by the City Council for the 2016-2017 budget. There were no individual amendments to the original appropriations. Such appropriations lapse at year-end.

NOTE 2. BUDGETARY DATA AND STEWARDSHIP (Continued)

The City follows these procedures in establishing budgetary data reflected in the basic financial statements.

(1) Prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

(2) Public hearings are conducted to obtain taxpayer comments.

(3) Prior to September 30, the budget is legally enacted through passage of an ordinance.

(4) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council, after public hearings.

(5) Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Debt Service Funds.

(6) Budgetary data for the Capital Projects Funds have not been presented in the accompanying basic financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Fund is not employed, and comparison of actual results of operations to budgetary data for such funds is not presented.

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended September 30, 2017:

Anti-crime special revenue	$ 41,386
Debt service fund	25,625
HCDC debt service	2,019
Hotel/Motel debt service	583

Excesses are funded by available fund balance.

NOTE 3. CASH AND INVESTMENTS

The City's cash and investment policies are governed by State statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions, and depositories must fully collateralize all deposits in excess of FDIC insurance limits.

Deposits –The carrying amount of the City's deposits is $8,307,666 while the bank balance is $9,029,294 at September 30, 2017. The bank balance is completely covered by Federal depository insurance or by collateral held by the City's agent in the City's name.

NOTE 3. CASH AND INVESTMENTS (Continued)

The City's investments are registered or held by the City or its agent in the City's name at September 30, 2017 and are as follows:

	Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 24,700,000	1.76
Investment pools	8,880,001	0.09
U.S. government agency securities	30,634,316	1.49
	$ 64,214,317	
Portfolio weighted average maturity		1.40

The City's investment in investment pools at September 30, 2017, represents an investment in Texpool and Texstar. Texpool and Texstar operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. They use amortized cost rather than fair value to report net assets to compute share prices. The State Comptroller oversees Texpool, with Federated Investors managing the daily operations of the pool under a contract with the State Comptroller. Although there is no regulatory oversight over Texstar, advisory boards consisting of participants and their designees maintain oversight responsibility for the investment pool.

Investments in any one issuer that represent 5% or more of the City's total investments follow:

Issuer	Investment Type	Reported Amount
Comerica	Certificates of Deposit	$ 4,000,000
Legacy Texas	Certificates of Deposit	15,500,000
Fannie Mae	Government Securities	8,479,926
Federal Home Loan Bank	Government Securities	15,485,190
Farmer Mac	Government Securities	3,996,406
		$ 47,461,522

Interest Rate Risk – In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Statutes authorize the City to invest in obligations of the United States of America, it's agencies and instrumentalities, in obligations of the State of Texas and related agencies, in obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's Corporation or Moody's, repurchase agreements and designated investment pools. The City's investment in Texpool and Texstar are both rated AAAm by Standard & Poor's Corporation.

Custodial Credit Risk – The City invests in certificates of deposit at a bank with initial maturities greater than three months. These certificates of deposit are collateralized by securities held in the City's name by pledging financial institutions.

Fair Value – The City records government securities at fair value based on market prices at the measurement date. This valuation technique qualifies the government securities as Level 1 investments. The City has no assets or liabilities measured at fair value based on Level 2 or Level 3 valuation techniques. These techniques would involve obtaining other observable inputs besides market prices for Level 2 valuation or utilizing unobservable inputs for Level 3.

NOTE 4. PROPERTY TAX

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located in the City. The total assessed value upon which the fiscal 2017 levy is based is approximately $3,367,729,000. Such assessed value is computed based on 100% appraised values.

General property taxes are limited by the Texas Constitution to $2.50 per $100 of assessed valuation and by the City's Home Rule Charter to $1.50 per $100 of assessed valuation. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2017 is $0.5879 per $100 of assessed valuation.

Property taxes attach as an enforceable lien on property as of January 1 following the levy date. Taxes are due by January 31 following the levy date. Current tax collections for the year ended September 30, 2017 are approximately 99% of the tax levy.

NOTE 5. NET RECEIVABLES

Net receivables consist of the following at September 30, 2017 and 2016:

	2017	2016
Governmental activities:		
Taxes receivable	$ 3,808,633	$ 3,684,951
Contract receivables	600,000	1,024,465
Charges to users	1,364,807	1,514,933
Interest	202,190	231,158
Other	462,726	282,561
Total governmental activities net receivables	6,438,356	6,738,068
Business-type activities:		
Charges to users	3,250,410	3,032,768
Interest	124,531	123,137
Other	98,510	141,141
Total business-type activities net receivables	3,473,451	3,297,046
Total net receivables	$ 9,911,807	$ 10,035,114

NOTE 6. CAPITAL ASSETS

A summary of changes in governmental activities capital assets follows:

	Balance October 01, 2016	Additions	Disposals/ Reclassifications	Balance September 30, 2017
Capital assets not being depreciated:				
Land	$ 57,068,991	$ -	$ 509,724	$ 57,578,715
Construction in progress	4,922,151	8,633,422	(9,609,957)	3,945,616
Capital assets being depreciated:				
Buildings and improvements	89,030,756	-	3,304,538	92,335,294
Improvements other than buildings	154,422,004	265,990	4,900,643	159,588,637
Machinery and equipment	29,458,938	475,085	513,842	30,447,865
Total depreciable	272,911,698	741,075	8,719,023	282,371,796
Less accumulated depreciation for:				
Buildings and improvements	(29,870,918)	(3,523,979)	-	(33.394.897)
Improvements other than buildings	(117,302,111)	(3,581,352)	-	(120,883,463)
Machinery and equipment	(21,035,304)	(1,768,573)	367,354	(22,436,523)
Total accumulated depreciation	(168,208,333)	(8,873,904)	367,354	(176,714,883)
Total depreciable - net	104,703,365	(8,132,829)	9,086,377	105,656,913
Governmental activities capital assets, net	$ 166,694,507	$ 500,593	$ (13,856)	$ 167,181,244

	Balance October 01, 2015	Additions	Disposals/ Reclassifications	Balance September 30, 2016
Capital assets not being depreciated:				
Land	$ 56,603,804	$ -	$ 465,187	$ 57,068,991
Construction in progress	33,229,540	6,634,845	(34,942,234)	4,922,151
Capital assets being depreciated:				
Buildings and improvements	73,965,257	-	15,065,499	89,030,756
Improvements other than buildings	145,390,914	-	9,031,090	154,422,004
Machinery and equipment	31,902,227	964,782	(3,408,071)	29,458,938
Total depreciable	251,258,398	964,782	20,688,518	272,911,698
Less accumulated depreciation for:				
Buildings and improvements	(30,142,216)	(3,054,205)	3,325,503	(29,870,918)
Improvements other than buildings	(114,110,438)	(3,312,070)	120,397	(117,302,111)
Machinery and equipment	(26,662,841)	(1,516,300)	7,143,837	(21,035,304)
Total accumulated depreciation	(170,915,495)	(7,882,575)	10,589,737	(168,208,333)
Total depreciable - net	80,342,903	(6,917,793)	31,278,255	104,703,365
Governmental activities capital assets, net	$ 170,176,247	$ (282,948)	$ (3,198,792)	$ 166,694,507

Equipment in service under a capital lease amounts to $2,654,688 at September 30, 2017 and 2016. Amortization on the assets is included in depreciation and amounts to $156,235 for the years ended September 30, 2017 and 2016. Accumulated amortization on the assets is $848,591 and $692,356 as of September 30, 2017 and 2016, respectively.

NOTE 6. CAPITAL ASSETS (Continued)

Depreciation is charged to functions as follows:

	2017	2016
Governmental activities:		
General government	$ 1,665,384	$ 1,397,400
Public safety	2,020,618	1,253,157
Culture and recreation	2,364,284	2,195,140
Public works	2,823,618	3,036,878
Total governmental activities depreciation expense	$ 8,873,904	$ 7,882,575

Depreciation on capital assets held by the City's Internal Service Funds, which are predominantly related to governmental activities, is charged to various functions based on their usage of the assets and included in the amounts above.

Construction in progress consists of the following at September 30, 2017:

	Project Authorization	Expended Through September 30, 2017	Committed September 30, 2017
Community services improvements	$ 880,154	$ 769,257	$ 110,897
Street improvements	4,286,215	1,871,120	2,415,095
Other	1,632,743	1,305,239	327,504
Total	$ 6,799,112	$ 3,945,616	$ 2,853,496

The "project authorization" and "committed" amounts above are based on City estimates of total project costs.

A summary of changes in business-type capital assets follows:

	Balance October 1, 2016	Additions	Disposals/ Reclassifications	Balance September 30, 2017
Capital assets not being depreciated:				
Land	$ 399,478	$ -	$ -	$ 399,478
Construction in progress	2,081,064	2,327,548	(2,104,269)	2,304,343
Capital assets being depreciated:				
Utility plant in service	76,016,583	891,206	1,525,474	78,433,263
Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,117,851	33,948	113,964	3,265,763
Total depreciable	79,643,696	925,154	1,639,438	82,208,288
Less accumulated depreciation for:				
Utility plant in service	(31,817,850)	(1,591,410)	182,498	(33,226,762)
Buildings and improvements	(194,357)	(16,975)	-	(211,332)
Machinery and equipment	(2,290,233)	(183,391)	20,887	(2,452,737)
Total accumulated depreciation	(34,302,440)	(1,791,776)	203,385	(35,890,831)
Total depreciable - net	45,341,256	(866,622)	1,842,823	46,317,457
Business-type activities capital assets, net	$ 47,821,798	$ 1,460,926	$ (261,446)	$ 49,021,278

NOTE 6. CAPITAL ASSETS (Continued)

	Balance October 1, 2015	Additions	Disposals/ Reclassifications	Balance September 30, 2016
Capital assets not being depreciated:				
Land	$ 402,478	$ -	$ (3,000)	$ 399,478
Construction in progress	1,171,040	2,286,453	(1,376,429)	2,081,064
Capital assets being depreciated:				
Utility plant in service	74,746,739	621,713	648,131	76,016,583
/Buildings and improvements	509,262	-	-	509,262
Machinery and equipment	3,368,608	177,283	(428,040)	3,117,851
Total depreciable	78,624,609	798,996	220,091	79,643,696
Less accumulated depreciation for:				
Utility plant in service	(30,630,681)	(1,475,123)	287,954	(31,817,850)
Buildings and improvements	(177,382)	(16,975)	-	(194,357)
Machinery and equipment	(2,854,570)	(167,436)	731,773	(2,290,233)
Total accumulated depreciation	(33,662,633)	(1,659,534)	1,019,727	(34,302,440)
Total depreciable - net	44,961,976	(860,538)	1,239,818	45,341,256
Business-type activities capital assets, net	$ 46,535,494	$ 1,425,915	$ (139,611)	$ 47,821,798

Construction in progress consists of the following at September 30, 2017:

	Project Authorization	Expended Through September 30, 2017	Committed September 30, 2017
Water	$ 2,729,000	$ 593,563	$ 2,135,437
Sewer	1,714,254	330,880	1,383,374
Other	1,646,274	1,379,900	266,374
Total	$ 6,089,528	$ 2,304,343	$ 3,785,185

NOTE 7. LONG-TERM DEBT

The following is a summary of changes in long-term debt of the City for the years ended September 30, 2017 and 2016 (in thousands):

	Governmental Activities				
	Accrued Vacation and Sick Pay	Sales Tax Revenue Bonds	Tax Notes, C.O. and G.O. Bonds	Capital Lease	Total
Balance at October 1, 2015	$ 4,959	$ 680	$ 54,937	$ 1,325	$ 61,901
Additions	2,861	-	18,077	-	20,938
Reductions	(2,149)	(235)	(14,106)	(429)	(16,919)
Balance at September 30, 2016	5,671	445	58,908	896	65,920
Additions	1,527	-	2,680	-	4,207
Reductions	(2,074)	(240)	(4,520)	(442)	(7,276)
Balance at September 30, 2017	$ 5,124	$ 205	$ 57,068	$ 454	$ 62,851

NOTE 7. LONG-TERM DEBT (Continued)

	Business-type Activities		
	Accrued Vacation an Sick Pay	C.O. and G.O. Bonds	Total
Balance at October 1, 2015	$ 197	$ 14,136	$ 14,333
Additions	275	1,210	1,485
Reductions	(276)	(2,640)	(2,916)
Balance at September 30, 2016	196	12,706	12,902
Additions	390	2,350	2,740
Reductions	(336)	(3,636)	(3,972)
Balance at September 30, 2017	$ 250	$ 11,420	$ 11,670

Substantially all vacation and sick leave is paid by the General Fund. Accrued vacation and sick pay are reported in governmental funds only if termination has occurred and the balance is due at year-end.

Governmental Activities:

	Outstanding	Due next year
Capital Lease:		
$1,785,305 capital lease due in annual installments of $466,353 through February 2018, plus interest at 2.75%, secured by equipment	$ 453,872	$ 453,872
Sales Tax Revenue Bonds:		
$3,505,000 Series 2011 Sales Tax Refunding Bonds due in annual installments of $105,000 to $670,000 through August 2019, plus interest at 2.40%	205,000	100,000
Tax Notes:		
$1,180,000 Series 2017 Tax Notes due in annual installments of $160,000 to $180,000 through August 2024, plus interest at 1.790%	1,180,000	160,000

NOTE 7. LONG-TERM DEBT (Continued)

Tax and Water and Sewer (Limited Pledge) Certificates of Obligation:	Outstanding	Due next year
$2,000,000 Series 2007 Certificates of Obligation due in annual installments of $10,000 to $100,000 through August 2027, plus interest at 4.05% to 5.00%, partially refunded in November 2013, July 2015, and July 2017	10,000	10,000
$6,040,000 Series 2008 Certificates of Obligation due in annual installments of $105,000 to $385,000 through August 2038, plus interest at 3.25% to 5.00%, partially refunded August 2016	150,000	150,000
$2,245,000 Series 2008 Certificates of Obligation due in annual installments of $65,000 to $175,000 through August 2028, plus interest at 3.50% to 5.00%, partially refunded in August 2016	105,000	105,000
$6,035,000 Series 2008 Certificates of Obligation due in annual installments of $105,000 to $380,000 through August 2038, plus interest at 3.25% to 5.00%, partially refunded in August 2016	150,000	150,000
$2,030,000 Series 2009 Certificates of Obligation due in annual installments of $60,000 to $145,000 through August 2029, plus interest at 2.00% to 4.625%, partially refunded in July 2017	395,000	95,000
$7,355,000 Series 2014 Certificates of Obligation due in annual installments of $265,000 to $495,000 through August 2034, plus interest at 3.00% to 3.75%	6,505,000	300,000
$3,750,000 Series 2015 Certificates of Obligation due in annual installments of $95,000 to $185,000 through August 2035, plus interest at 2.00% to 4.00%	2,435,000	100,000
$4,905,000 Series 2016 Certificates of Obligation due in annual installments of $175,000 to $345,000 through August 2036, plus interest at 2.00% to 4.00%	4,730,000	175,000
Certificates of Obligation	14,480,000	1,085,000

NOTE 7. LONG-TERM DEBT (Continued)

Tax and Water and Sewer (Limited Pledge) General Obligation:	Outstanding	Due next year
$4,100,000 Series 2007 General Obligation Refunding and Improvement Bonds due in annual installments of $110,000 to $300,000 through August 2027, plus interest at 4.10% to 5.00%, partially refunded in November 2013 and July 2017	25,000	25,000
$2,960,000 Series 2011 General Obligation Refunding Bonds due in annual installments of $125,000 to $350,000 through August 2022, plus interest at 2.00% to 4.00%	1,445,000	305,000
$15,565,000 Series 2012 General Obligation Improvement Bonds due in annual installments of $255,000 to $870,000 through August 2042, plus interest at 2.00% to 3.375%	14,230,000	335,000
$1,810,000 Series 2012 General Obligation Refunding Bonds due in annual installments of $100,000 to $205,000 through August 2023, plus interest at 2.00% to 4.00%	1,100,000	165,000
$5,705,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $290,000 to $585,000 through August 2026, plus interest at 2.00% to 3.50%	4,695,000	475,000
$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of $10,000 to $370,000 through August 2027, plus interest at 2.00% to 4.00%	3,215,000	280,000
$1,345,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $5,000 to $160,000 through September 2028, plus interest at 2.00% to 4.00%	1,340,000	-
$4,945,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $15,000 to $340,000 through September 2038, plus interest at 2.00% to 4.00%	4,930,000	15,000
$4,950,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $15,000 to $340,000 through September 2038, plus interest at 2.00% to 4.00%	4,935,000	15,000
$1,500,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $15,000 to $190,000 through August 2029, plus interest at 2.190%	1,500,000	15,000
General obligation	37,415,000	1,630,000
	53,733,872	3,428,872
Net bond premium	3,993,422	255,774
Compensated absences	5,124,350	1,826,831
Total debt serviced by governmental activities	$ 62,851,644	$ 5,511,477

NOTE 7. LONG-TERM DEBT (Continued)

Business-type Activities:

Certificates of Obligation with revenues pledged:	Outstanding	Due next year
$2,500,000 Series 2007 Certificates of Obligation due in annual installments of $15,000 to $120,000 through August 2027, plus interest at 4.05% to 5.00%, partially refunded in July 2015 and July 2017	$ 15,000	$ 15,000
$1,785,000 Series 2008 Certificates of Obligation due in annual installments of $50,000 to $135,000 through August 2028, plus interest at 3.50% to 5.00%, partially refunded in August 2016	80,000	80,000
$4,070,000 Series 2009 Certificates of Obligation due in annual installments of $120,000 to $290,000 through August 2029, plus interest at 2.00% to 4.625%, partially refunded in July 2017	785,000	185,000
$3,750,000 Series 2015 Certificates of Obligation due in annual installments of $40,000 to $80,000 through August 2035, plus interest at 2.00% to 4.00%	1,045,000	40,000
Total certificates of obligation	1,925,000	320,000
General Obligation Bonds used to refund revenue bonds:		
$1,140,000 Series 2007 General Obligation refunding bonds due in annual installments of $15,000 to $115,000 through August 2020, plus interest at 4.05% to 5.00%, partially refunded in July 2015 and July 2017	15,000	15,000
$2,435,000 Series 2009 General Obligation refunding bonds due in annual installments of $100,000 to $305,000 through August 2019, plus interest at 2.00% to 3.875%	405,000	305,000
$2,395,000 Series 2011 General Obligation Refunding Bonds due in annual installments of $40,000 to $285,000 through August 2022, plus interest at 2.00% to 4.00%	1,205,000	250,000
$1,215,000 Series 2012 General Obligation Refunding Bonds due in annual installments of $100,000 to $135,000 through August 2023, plus interest at 2.00% to 4.00%	710,000	105,000
$2,125,000 Series 2013 General Obligation Refunding Bonds due in annual installments of $160,000 to $315,000 through August 2026, plus interest at 2.00% to 3.50%	1,440,000	160,000
$4,915,000 Series 2015 General Obligation Refunding Bonds due in annual installments of $5,000 to $160,000 through August 2027, plus interest at 2.00% to 4.00%	1,665,000	220,000

NOTE 7. LONG-TERM DEBT (Continued)

	Outstanding	Due next year
$1,070,000 Series 2016 General Obligation Refunding Bonds due in annual installments of $90,000 to $125,000 through September 2028, plus interest at 2.00% to 4.00%	1,070,000	-
$2,350,000 Series 2017 General Obligation Refunding Bonds due in annual installments of $25,000 to $285,000 through August 2029, plus interest of 2.190%	2,350,000	25,000
Total general obligation bonds used to refund revenue bonds	8,860,000	1,080,000
	10,785,000	1,400,000
Net bond premium	635,358	74,627
Compensated absences	249,676	89,106
Total debt serviced by the business-type activities	$ 11,670,034	$ 1,563,733

Certain bond issues contain a provision that allows the City to prepay or call the bonds at no premium.

In 2013, the City constructed a new Senior Citizens Activity Center in Heritage Village Plaza. A limited liability company, HVSL Venture, LLC (the "Developer"), opened an independent living facility adjacent to the Senior Center. The City and the Developer entered into an Economic Development Program Agreement pursuant to Chapter 380 of the Texas Local Government Code. The agreement was reached to encourage private development and conditions of the agreement call for the City to be a guarantor of one of the Developer's loans in the amount of $1.2 million. The lender is Liberty Bank located in the City. The Developers are responsible for all costs of obtaining and servicing the loan, including interest and principal payments. The City, the Developer, and Liberty Bank agree that in the event the City pays all or a portion of the Developer's loan pursuant to the subject guaranty, the City shall receive all of the Developer's and lender's right, title, and interest to the extent of such interest, if any.

The annual requirements including interest to amortize all bonds outstanding at September 30, 2017, follow:

Year Ending	Governmental Activities		Business-type Activities	
September 30,	Principal	Interest	Principal	Interest
2018	$ 2,975,000	$ 1,944,229	$ 1,400,000	$ 360,407
2019	3,065,000	1,850,788	1,255,000	312,305
2020	3,080,000	1,753,269	1,185,000	269,013
2021	3,185,000	1,648,761	1,110,000	227,109
2022	3,040,000	1,550,604	970,000	188,983
2023-2027	13,975,000	6,120,971	3,645,000	521,010
2028-2032	10,060,000	3,814,705	990,000	108,358
2033-2037	9,205,000	1,939,785	230,000	18,600
2038-2042	4,695,000	554,425	-	-
Total	$ 53,280,000	$ 21,177,537	$ 10,785,000	$ 2,005,785

NOTE 7. LONG-TERM DEBT (Continued)

The annual requirements including interest to amortize the capital lease outstanding at September 30, 2017, follow:

Year Ending September 30,	Capital Lease		
	Principal	Interest	Lease Payment
2018	$ 453,872	$ 12,481	$ 466,353
Total	$ 453,872	$ 12,481	$ 466,353

Interest expense shown on the proprietary funds statement of revenues, expenses, and changes in net assets is net of capitalized interest when applicable. The City capitalized interest in the amount of $79,221 and $73,361 for the years ended September 30, 2017 and 2016, respectively.

Advance Refundings

In July 2017, the City issued $1,500,000 of refunding tax obligations and $2,350,000 water and sewer obligations to fund payments of $1,415,000 of certificates of obligation and general obligation and $2,200,000 water and sewer obligations. As a result of these transactions, all refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The refunding was undertaken to reduce total future debt service payments by approximately $416,200 and resulted in an economic gain of approximately $360,800. At September 30, 2017, there is approximately $3,866,000 remaining in escrow related to advance refundings.

NOTE 8. DEFINED BENEFIT PENSION PLANS

Plan Description – The City participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided – TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Plan provisions for the City follow:

Employee deposit rate:	7.00%
Matching ratio (City to Employee):	2 to 1
A member is vested after	5 years
Updated service credit	100% repeating
Annuity increase to retirees*	30% of CPI-U

The Service Retirement Eligibilities for the City are: 5 years/age 60, 20 years/any age

* TMRS allows cities to calculate Cost of Living Adjustments (COLAs) for retirees on an annual or ad hoc basis. The City has opted for the ad hoc basis calculation.

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	250
Inactive employees entitled to but not yet receiving benefits	158
Active employees	401
	809

Contributions – The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Hurst were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Hurst were 10.45% and 9.63% in calendar years 2017 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2017 were $2,615,593, and were equal to the required contributions.

Net Pension Liability – The City's Net Pension Liability (NPL) was measured as of December 31, 2016, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2014 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually.

Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.55%
International equity	17.5%	6.35%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	4.15%
Real return	10.0%	4.15%
Real estate	10.0%	4.75%
Absolute return	10.0%	4.00%
Private equity	5.0%	7.75%
Total	100.0%	

Discount Rate – The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

Change in the Net Pension Liability	Total Pension Liability (a)	Plan Fiduciary Assets (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2015	$ 154,316,319	$ 133,764,684	$ 20,551,635
Changes for the year:			
Service cost	3,973,289	-	3,973,289
Interest	10,295,405	-	10,295,405
Changes in current period benefits	-	-	-
Difference between expected and actual experience	502,382	-	502,382
Changes of assumptions	-	-	-
Contributions – employer	-	2,376,553	(2,376,553)
Contributions – employee	-	1,727,426	(1,727,426)
Net investment income	-	9,037,883	(9,037,883)
Benefit payments, including refunds of employee contributions	(7,556,886)	(7,556,886)	-
Administrative expense	-	(102,096)	102,096
Other changes	-	(5,501)	5,501
Net changes	7,214,190	5,477,379	1,736,811
Balance at December 31, 2016	$ 161,530,509	$ 139,242,063	$ 22,288,448

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 43,556,092	$ 22,288,448	$ 4,686,075

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the year ended September 30, 2017, the City recognized pension expense of $6,097,164.

NOTE 8. DEFINED BENEFIT PENSION PLANS (Continued)

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 240,172
Changes in actuarial assumptions	1,406,003	-
Difference between projected and actual investment earnings	6,275,537	-
Contributions subsequent to the measurement date	2,025,410	-
Total	$ 9,706,950	$ 240,172

$2,025,410 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2017	$ 2,477,415
2018	2,477,416
2019	2,287,249
2020	192,348
2021	6,937
Total	$ 7,441,365

NOTE 9. INTERFUND BALANCES

Interfund Due To/Due From balances are primarily used to recognize: (1) internal cost allocations from internal service funds to other funds receiving services, (2) services provided by the General Fund to the Water and Sewer Enterprise Fund, (3) street rental fees from the Water and Sewer Enterprise Fund due to the General Fund, and (4) services provided by the General Fund to the Anti-Crime Special Revenue and HCDC Special Revenue Funds. These interfund balances are typically paid in the following fiscal year. At September 30, 2017, the respective interfund balances follow:

	Due From	Due To
General Fund	$ 6,448,658	$ 1,752,198
HCDC Special Revenue Fund	-	675,302
Anti-crime Special Revenue Fund	-	1,808,302
Water and Sewer Enterprise Fund	31,954	3,855,308
Special Projects Capital Project Fund	1,360,244	-
Nonmajor proprietary funds	-	81,987
Internal service funds	579,008	246,767
	$ 8,419,864	$ 8,419,864

NOTE 9. INTERFUND BALANCES (Continued)

A summary of interfund transfers for the year ended September 30, 2017, follows:

	Transfers In	Transfers Out
General Fund	$ 23,138	$ 2,075,788
HCDC Special Revenue Fund	80,000	1,473,425
Anti-Crime	63,444	-
Water and Sewer Enterprise Fund	-	223,144
Special Projects Capital Project Fund	1,384,004	280,000
Nonmajor governmental funds	1,828,627	-
Nonmajor proprietary funds	-	11,307
Internal service funds	764,451	80,000
	$ 4,143,664	$ 4,143,664

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that the statute or budget requires to expend them, and (2) use unrestricted revenues in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

The HCDC Special Revenue Fund transferred funds to the HCDC Debt Service Fund so that required debt service payments are funded.

The General Fund transferred an excess of revenues over expenditures to the Special Projects Capital Projects Fund in order to provide funds for unfunded needs as well as one-time capital expenditures. The General Fund also transferred funds to the Loss Reserve fund to provide funds for underfunded healthcare costs.

NOTE 10. INDIRECT COST/STREET RENTAL FEES

The General Fund provides certain general and administrative services and use of the City's streets to the proprietary fund types. Charges for such services totaled $6,448,658 in 2017 and $6,454,313 in 2016 and are reflected as reductions of expenditures in the General Fund and as expenses in the proprietary fund types.

NOTE 11. WATER AND SEWER CONTRACTS

On May 8, 1987, the City entered into a 30 year contract with the City of Fort Worth for the transportation, treatment, and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. Sewer charges for 2017 under this contract were approximately $2,186,000.

In 1989, the City entered into a 21 year contract with the City of Fort Worth for the purchase of water. Under the terms of the contract, the City is obligated to pay varying amounts based on annual consumption and new rates established under the terms of their contract. The contract expired in 2010; however, operations have continued under the previous agreement by mutual consent pending development of a new contract. During 2017, water purchases under the contract cost approximately $4,508,000.

NOTE 11. WATER AND SEWER CONTRACTS (Continued)

In 1969, the City entered into a 30 year contract with the Trinity River Authority of Texas (Authority) for the transportation, treatment, and disposal of sanitary sewage and other wastes. Under the terms of the contract, the City is obligated to make payments for sewage actually discharged and to share in the cost of operation and maintenance of the system. The Authority wastewater transportation contracts expired January 1, 2000; however, operations have continued under the previous agreement by mutual consent pending development of a new contract.

In 1975, the City entered into another contract expiring in 2023 with the Authority for the construction of a wastewater collection point on the Authority's system. The contract enables the City to utilize the Authority's system for disposal of wastewater. Under the terms of the contract, the City is obligated to share in the cost of the operation and maintenance of the system based on sewage actually discharged. Wastewater treatment charges incurred during 2017 under the 1969 and 1975 contracts with the Authority approximates $1,543,000.

NOTE 12. CONTINGENT LIABILITIES

The City participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 13. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To transfer some of the financial risk that would occur from these exposures, the City obtained liability insurance for claims arising from its general operations, police functions, and public officials' errors and omissions, subject to a $100,000 deductible. Property losses are insured on an "all-risk" basis with a basic $10,000 deductible. The City also purchased fidelity bonds and insurance to protect the City from employee dishonesty and theft by others.

The City established a Loss Reserve Fund (an internal service fund) to account for and finance its uninsured risks of loss for the City's largest uninsured category, employee health care benefits. Under this program, the fund pays for medical claims and administrative costs to the health care provider. The administrative costs include an annual amount for coverage of claims exceeding $100,000 per covered person, a cost for potential claims after an attachment point of approximately $6,400,000 per year and costs of administering the program, about $1,500 per employee. During the twenty years of the program, the attachment point for aggregate claims has never been reached.

All operating funds of the City make payments to the Loss Reserve Fund based on estimates of the amounts needed to pay prior and current year claims and to adjust a reserve for catastrophic losses. A consulting firm provides an analysis. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Accrued claims payable, including claims that are incurred but not reported, are recorded as fund liabilities. The provision for claims is determined by estimating the amount which will ultimately be paid based on the City's experience.

NOTE 13. RISK MANAGEMENT (Continued)

Changes in the Funds' claims liability amount and administrative service amounts in fiscal years 2017 and 2016 are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates		Claims Payments	End of Fiscal Year Liability
Loss Reserve Fund					
2015-2016	$ 502,414	$ 4,600,228	Claims	$ 4,644,646	$ 457,996
			ASO	1,141,190	
2016-2017	457,996	4,599,180	Claims	4,657,181	400,000
			ASO	1,093,067	

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-end
General Fund – General Liability				
2015-2016	$ 100,000	$ 12,418	$ 12,418	$ 100,000
2016-2017	100,000	125,291	125,291	100,000

The City fully insures its building structures, contents, and equipment with purchase of commercial insurance in an all-risk blanket property insurance policy. The coverage limits have remained the same for the past several years with the following deductibles per occurrence: $10,000 for auto, $5,000 for mobile equipment, $25,000 for earthquake and flood, $10,000 for boiler and machinery.

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS

Plan Description

In conformity with GASB Statement No. 45, an actuarial valuation should be performed at least biennially. The City may perform actuarial valuations more often if, since the previous valuation, significant changes have occurred that affect the results of the valuation. The City's two most recent actuarial valuations were completed for December 2013 and December 2015. The City's post-employment benefit plan is a single-employer defined benefit plan. A separate postemployment benefit plan is not available for this plan.

Eligibility

1. The benefit is available to retirees and their spouses.

2. An employee must resign and satisfy the requirements for service retirement under the Texas Municipal Retirement System with at least 10 years of consecutive full-time service with the City immediately prior to retirement or, effective 4/1/2002, have a minimum of 25 years of full-time service with the City including a minimum of eight consecutive years of full-time service with the City immediately prior to retirement.

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

3. A retiree or his/her spouse is INELIGIBLE for coverage if he or she is eligible for any other group coverage through employment and will be required to certify this information.

A retiree/spouse who is not eligible when the employee retires is not eligible to rejoin at a later date. And if an eligible retiree/spouse waives coverage at any time, they are not eligible for reinstatement in the future.

Cost Sharing

- AFTER AGE 65 – Enroll in Medicare Advantage Plan, currently Humana. For each qualified retiree/spouse the City will contribute to the cost of a Group Medicare Advantage Plan for the eligible retiree/spouse in lieu of coverage through the City of Hurst Retiree Health Plan (retiree/spouse must be eligible to enroll). Eligible participating retirees and spouses age 65+ have the option to select a supplementary medigap policy or another Medicare Advantage plan of their choice and the City will reimburse the retiree and/or spouse what the City would have contributed for the retiree and/or spouse to the currently provided Medicare Advantage plan with documentation of the retiree's and/or spouse's monthly payment for the alternative policy/plan. The retiree and/or spouse will be responsible for the remainder of the premium. Eligible retirees/spouses must enroll in Medicare once eligible and pay the Medicare premiums.

- BEFORE AGE 65 – Enroll in the City's Retiree Health Plan. The City will contribute to the cost of the eligible retiree/spouse/dependent coverage. The eligible retiree will also contribute towards this coverage and the cost will vary based on the eligible retiree's years of consecutive full-time service to the City immediately prior to TMRS service retirement and level of coverage. Upon reaching the age of 65, the retiree/spouse will have the After Age 65 options listed above.

Surviving Dependents

If an eligible retiree and his/her eligible dependents are covered by the City of Hurst Retiree Health Plan and the retiree dies:

- The surviving spouse may continue as a survivor under the plan up to age 65. He/she may continue eligible dependent coverage with the City's plan by paying the applicable retiree/dependent cost based on the retiree's years of consecutive service with the City of Hurst immediately prior to the eligible retiree's TMRS service retirement. Surviving spouses/dependents must continue to meet eligibility requirements.

- At age 65, the surviving spouse may be covered by the City's Medicare Advantage plan in effect at the time by paying 100% of the Medicare Advantage premium as long as he/she continues to meet eligibility requirements. Retiree reimbursement option is not available to surviving spouses.

Life Insurance

Effective for employees retiring 10/1/1997 or later, the City continues life insurance for the retiree at 50% of the City provided life insurance the retiree had as an active employee at no cost to the retiree. Effective 10/1/11, the maximum retiree life insurance is $75,000. The amount of retiree life insurance coverage is subject to the same percentage reductions as active employees at age 70 or older.

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Dental

Eligible retirees may continue the dental coverage they had for themselves and their eligible dependents on their date of retirement by paying 100% of the premium. There is no City contribution.

IMPORTANT NOTICE: THE CITY RESERVES THE RIGHT TO AMEND, MODIFY, AND/OR TERMINATE ITS PARTICIPATION WITH RETIREE COVERAGE AT ANY TIME. NO PERSON SHALL BE VESTED IN ANY RIGHT UNDER THIS POLICY OF RETIREE COVERAGE.

Funding Policy and Annual OPEB Cost

The City's annual other post-employment benefits (OPEB) cost is calculated based on the annual OPEB cost of the employer (ARC), an amount actuarially determined in accordance with the parameter of GASB Statement No. 45. The ARC represents a level of funding that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The annual OPEB cost for the fiscal year ending September 30, 2017, is as follows:

Annual required contribution (ARC)	$ 1,014,071
Interest on OPEB asset	(9,183)
Adjustment to ARC	7,446
Annual OPEB cost end of year	1,012,334
Net estimated employer contributions	(1,044,088)
Increase in net OPEB asset	(31,754)
Net OPEB asset – as of beginning of the year	(131,179)
Net OPEB asset – as of end of year	(162,933)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2017 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Asset
September 30, 2015	$ 849,067	$ 700,212	82%	$ (23,793)
September 30, 2016	$ 874,225	$ 981,641	113%	(131,179)
September 30, 2017	$ 1,012,334	$ 1,044,088	103%	(162,933)

Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2011 and 2015 is as follows:

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll	UAAL Percentage of Annual Covered Payroll
2011	$ 1,116,484	$ 8,954,978	$ 7,838,494	12.5%	$ 19,930,639	39%
2013	$ 1,807,416	$ 10,305,299	$ 8,497,883	17.5%	$ 21,085,932	40%
2015	$ 2,346,276	$ 12,223,633	$ 9,877,357	19.2%	$ 23,504,794	42%

NOTE 14. OTHER POST EMPLOYMENT BENEFIT PLANS (Continued)

Under the reporting parameters, the City's retiree health care plan is 19.2% funded with an estimated actuarial accrued liability exceeding actuarial assets by $9,877,357 at December 31, 2015. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 42%.

Actuarial Methods and Assumptions

The Projected Unit Credit Cost Method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The actuarial cost method then provides for a systematic funding for these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation rate	2.50% per annum
Investment rate of return	7.00% per annum, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30-year open amortization
Payroll Growth	3.00% per annum
Medical trend rate	Initial rate of 6.50% declining to an ultimate rate of 3.60% after 14 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 15. TAX ABATEMENT DISCLOSURES

As of September 30, 2017, the City of Hurst offers tax incentives under Chapter 380 of the Texas Local Government Code. Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services to promote state and local economic development and to stimulate business and commercial activity. There are no other economic development programs that provide for tax incentives currently offered by the City of Hurst.

In 1987, Texas voters approved a constitutional amendment allowing for public expenditures to support economic development activities. The amendment explicitly provides for programs that use public funds for the purposes of development and diversification of the state's economy.

NOTE 15. TAX ABATEMENT DISCLOSURES (Continued)

Then in 1989, Chapter 380 of the Local Government code greatly expanded this by enabling municipalities to also engage in using public funds to support economic development. Chapter 380 agreements do not require a year limit and allows municipalities to provide monies, loans, city personnel, and city services for the promotion and encouragement of economic development. Although Chapter 380 provides for broad use of city resources, the City of Hurst closely evaluates each proposed 380 agreement on a case by case basis. While the City of Hurst typically places a hard cap on years and financial support, whichever occurs first, the City has one agreement that does not cap the number of years and only expires when the total financial support is met. The year and financial caps are negotiated in each distinct agreement.

The City of Hurst has four active Chapter 380 agreements covering retail, hospitality, and entertainment. In each case, a combination of tax incentives was used in the negotiations, including property, sales, and hotel occupancy tax. Under the Chapter 380 agreements, tax incentives are considered a "tax sharing" agreement. This means that no taxes are actually abated, rather all taxes must be paid in full to the City and the City will provide a payment to the entity each year equal to the amount authorized in their respective contracts. Through sharing revenue under Chapter 380, the City is able to verify that the entity has completed their requirements as outlined in their contract. In 2017, the City of Hurst rebated (abated) $1,095,300 in property and sales taxes. The table below summarizes the tax sharing agreements in place as of September 30, 2017.

Company	% of Property Taxes Abated	% of Sales Taxes Abated	% of Hotel Occupancy Taxes Abated	Total Taxes Abated
Simon Properties	N/A	70%	N/A	$ 996,644
Hurst One, LLC	50%	90%	N/A	94,785
Sky Group Investments	80%	0%	N/A	3,871
CN Churchill IV LLC	0%	0%	0%	-

Of the four active Chapter 380 agreements, the City of Hurst did not rebate any taxes to CN Churchill as they did not meet their performance requirement to construct a hotel as originally planned in the agreement. Additionally, Sky Group Investments did not meet their annual sales requirements and were only eligible for a rebate of property taxes.

CITY OF HURST
TEXAS

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HURST, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years*

	2016	2015	2014
Total Pension Liability			
Service cost	$ 3,973,289	$ 3,659,696	$ 3,237,732
Interest (on the Total Pension Liability)	10,295,405	10,074,733	9,694,314
Changes of benefit terms	-	-	-
Difference between expected and actual experience	502,382	(346,324)	(1,004,246)
Change of assumptions	-	2,268,583	-
Benefit payments, including refunds of employee contributions	(7,556,886)	(6,870,568)	(6,537,857)
Net Change in Total Pension Liability	7,214,190	8,786,120	5,389,943
Total Pension Liability - Beginning	154,316,319	145,530,199	140,140,256
Total Pension Liability - Ending (a)	161,530,509	154,316,319	145,530,199
Plan Fiduciary Net Position			
Contributions - employer	2,376,553	2,450,163	2,402,228
Contributions - employee	1,727,426	1,688,782	1,570,083
Net investment income	9,037,883	201,292	7,524,651
Benefit payments, including refunds of employee contributions	(7,556,886)	(6,870,568)	(6,537,857)
Administrative expense	(102,096)	(122,612)	(78,569)
Other	(5,501)	(6,056)	(6,459)
Net Change in Plan Fiduciary Net Position	5,477,379	(2,658,999)	4,874,077
Plan Fiduciary Net Position - Beginning	133,764,684	136,423,683	131,549,606
Plan Fiduciary Net Position - Ending (b)	139,242,063	133,764,684	136,423,683
Net Pension Liability - Ending (a) - (b)	$ 22,288,446	$ 20,551,635	$ 9,106,516
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.20%	86.68%	93.74%
Covered Employee Payroll	$ 24,663,496	$ 23,504,794	$ 22,349,232
Net Pension Liability as a Percentage of Covered Employee Payroll	90.37%	87.44%	40.75%

* GASB 68 requires 10 years of data to be provided in this schedule. The City will build this schedule over the next 10-year period.

CITY OF HURST, TEXAS

SCHEDULE OF CONTRIBUTIONS
Last 10 Years*

	2017	2016	2015
Actuarially determined contribution	$ 2,604,026	$ 2,468,088	$ 2,462,235
Contributions in relation to the actuarially determined contribution	(2,615,694)	(2,472,131)	(2,472,612)
Contribution deficiency (excess)	$ (11,668)	$ (4,043)	$ (10,377)
Covered payroll	$ 25,399,155	$ 25,292,040	$ 23,982,153
Contributions as a percentage of covered employee payroll	10.30%	9.77%	10.31%

* GASB 68 requires 10 years of data to be provided in this schedule. The City will build this schedule over the next 10-year period.

See Notes to Schedule of Contributions.

CITY OF HURST

NOTES TO SCHEDULE OF CONTRIBUTIONS

NOTE 1. CONTRIBUTIONS

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods of Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	29 years
Asset Valuation Method	10-year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Other Information:	
Notes	Granted 30% ad hoc COLA.

CITY OF HURST, TEXAS

SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT PLANS

Actuarial Valuation Date as of December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll	UAAL Percentage of Annual Coverage
2011	$ 1,116,484	$ 8,954,978	$ 7,838,494	12.5%	$ 19,930,639	39%
2013	$ 1,807,416	$ 10,305,299	$ 8,497,883	17.5%	$ 21,085,932	40%
2015	$ 2,346,276	$ 12,223,633	$ 9,877,357	19.2%	$ 23,504,794	42%

CITY OF HURST, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS
Year Ended September 30, 2017 with Comparative Actual for Year Ended September 30, 2016

	2017			2016
	Original and Final Budget	Actual	Variance	Actual
Revenues:				
Taxes:				
Property taxes	$ 11,721,164	$ 11,852,648	$ 131,484	$ 10,846,853
Penalties and interest	65,000	73,806	8,806	64,421
City sales taxes	9,093,249	10,459,579	1,366,330	10,780,175
Mixed beverage taxes	138,000	135,581	(2,419)	138,968
Franchise taxes	2,975,000	2,961,774	(13,226)	2,967,123
	23,992,413	25,483,388	1,490,975	24,797,540
Licenses and permits:				
Building inspection	655,000	837,126	182,126	746,095
Paving inspection	5,000	21,486	16,486	15,367
Other	13,500	19,905	6,405	21,320
	673,500	878,517	205,017	782,782
Intergovernmental:				
Grants	392,887	802,036	409,149	697,572
	392,887	802,036	409,149	697,572
Fines and fees:				
Municipal court	2,608,000	2,399,699	(208,301)	2,408,520
Library	40,000	37,114	(2,886)	39,520
	2,648,000	2,436,813	(211,187)	2,448,040
Charges for services:				
Recreational activity fees	841,625	799,794	(41,831)	779,718
Aquatic fees	400,000	398,174	(1,826)	327,891
Ambulance fees	705,000	775,586	70,586	851,600
Other	68,350	91,623	23,273	76,187
	2,014,975	2,065,177	50,202	2,035,396
Miscellaneous:				
Interest income	75,000	94,490	19,490	89,426
Miscellaneous	264,000	341,266	77,266	348,254
	339,000	435,756	96,756	437,680
Total revenues	30,060,775	32,101,687	2,040,912	31,199,010

(Continued)

CITY OF HURST, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS (Continued)
Year Ended September 30, 2017 with Comparative Actual for Year Ended September 30, 2016

	2017			2016
	Original and Final Budget	Actual	Variance	Actual
Expenditures:				
General government:				
City Council	31,581	34,990	(3,409)	30,682
City Secretary	255,257	242,883	12,374	253,919
Administration (City Manager)	447,498	294,230	153,268	173,169
Judicial (municipal court)	713,341	675,816	37,525	641,493
Development	526,874	523,931	2,943	464,962
Personnel	259,853	277,860	(18,007)	193,765
Accounting (finance)	159,866	144,223	15,643	231,371
Nondepartmental	591,165	71,690	519,475	251,404
Information systems	-	3,901	(3,901)	-
Building maintenance	466,707	429,868	36,839	380,584
Total general government	3,452,142	2,699,392	752,750	2,621,349
Public safety:				
Ambulance	1,309,641	1,348,315	(38,674)	1,237,043
Police	9,336,196	9,640,951	(304,755)	8,234,521
Fire	6,632,163	7,107,845	(475,682)	6,629,578
Total public safety	17,278,000	18,097,111	(819,111)	16,101,142
Culture and recreation:				
Administration	303,054	346,760	(43,706)	272,211
Recreation	1,294,896	1,209,831	85,065	1,241,985
Aquatics	509,407	405,889	103,518	225,566
Parks	2,392,603	2,346,318	46,285	2,385,666
Library	1,718,551	1,680,980	37,571	1,665,765
Senior citizens	564,865	558,537	6,328	523,854
Total culture and recreation	6,783,376	6,548,315	235,061	6,315,047
Public works:				
Streets	1,491,883	1,331,624	160,259	1,307,194
Engineering community development	116,241	110,526	5,715	124,912
Code enforcement (code administration)	664,329	667,634	(3,305)	663,480
Total public works	2,272,453	2,109,784	162,669	2,095,586
Total expenditures	29,785,971	29,454,602	331,369	27,133,124
Excess of revenues over expenditures	274,804	2,647,085	2,372,281	4,065,886

CITY OF HURST, TEXAS

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GAAP BASIS (Continued)
Year Ended September 30, 2017 with Comparative Actual for Year Ended September 30, 2016

	2017			2016
	Original and Final Budget	Actual	Variance	Actual
Other financing sources (uses):				
Transfers in	-	23,138	23,138	25,988
Transfers out	-	(1,981,414)	(1,981,414)	(3,154,995)
Total other financing uses	-	(1,958,276)	(1,958,276)	(3,129,007)
Revenues over expenditures and other financing uses	274,804	688,809	414,005	936,879
Fund balance - beginning of year	13,224,542	13,224,542	-	12,287,663
Fund balance - end of year	$ 13,499,346	$ 13,913,351	$ 414,005	$ 13,224,542

CITY OF HURST, TEXAS

MAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
Year Ended September 30, 2017 with Comparative Actual for Year Ended September 30, 2016

	HCDC			
	Original and Final Budget	2017 Actual	Variance	2016 Actual
Revenues:				
Sales taxes	$ 4,879,880	$ 4,928,877	$ 48,997	$ 5,044,263
Support from governmental entities	-	-	-	-
Interest	25,000	46,186	21,186	25,368
Miscellaneous	-	10,400	10,400	1,893
Total revenues	4,904,880	4,985,463	80,583	5,071,524
Expenditures:				
Public safety	-	-	-	-
Culture and recreation	3,272,929	3,401,889	(128,960)	3,028,990
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	1,131,539	672,576	458,963	1,048,354
Total expenditures	4,404,468	4,074,465	330,003	4,077,344
Excess of revenues over expenditures	500,412	910,998	410,586	994,180
Other financing uses:				
Capital lease	-	-	-	-
Transfers in	-	80,000	80,000	-
Transfers out	(1,472,394)	(1,473,425)	(1,031)	(1,167,340)
Total other financing uses	(1,472,394)	(1,393,425)	78,969	(1,167,340)
Revenues over expenditures and other financing uses	(971,982)	(482,427)	489,555	(173,160)
Fund balance - beginning of year	4,544,107	4,544,107	-	4,717,267
Fund balance - end of year	$ 3,572,125	$ 4,061,680	$ 489,555	$ 4,544,107

CITY OF HURST, TEXAS

MAJOR SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
Year Ended September 30, 2017 with Comparative Actual for Year Ended September 30, 2016

	Anti-Crime			
	Original and Final Budget	2017 Actual	Variance	2016 Actual
Revenues:				
Sales taxes	$ 5,385,395	$ 5,225,540	$ (159,855)	$ 5,438,519
Support from governmental entities	74,400	105,372	30,972	116,680
Interest	46,000	61,573	15,573	49,321
Miscellaneous	29,645	32,564	2,919	30,307
Total revenues	5,535,440	5,425,049	(110,391)	5,634,827
Expenditures:				
Public safety	5,462,875	5,507,949	(45,074)	5,396,257
Culture and recreation	-	-	-	-
Principal retirement	443,543	441,724	1,819	429,902
Interest and fiscal charges	22,810	24,629	(1,819)	36,451
Capital outlay	93,605	89,917	3,688	491,738
Total expenditures	6,022,833	6,064,219	(41,386)	6,354,348
Deficiency of revenues under expenditures	(487,393)	(639,170)	(151,777)	(719,521)
Other financing sources:				
Capital lease	-	-	-	-
Transfers in	-	63,444	63,444	2,546
Transfers out	-	-	-	(34,485)
Total other financing sources	-	63,444	63,444	(31,939)
Revenues and other financing sources under expenditures	(487,393)	(575,726)	(88,333)	(751,460)
Fund balance - beginning of year	6,722,162	6,722,162	-	7,473,622
Fund balance - end of year	$ 6,234,769	$ 6,146,436	$ (88,333)	$ 6,722,162

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

CITY OF HURST
TEXAS

CITY OF HURST
FUND DESCRIPTIONS

GENERAL FUND

The General Fund – Used to account for all revenues and expenditures not accounted for in other funds.

NON MAJOR DEBT SERVICE FUNDS

The Debt Service Fund – To provide for the payment of general obligation bond principal and interest as they come due. Property tax is required to be computed and levied which will be sufficient to produce the money required to pay principal and interest and fiscal agent fees as they come due.

The HCDC Debt Service Fund – To account for the sales tax revenue required to pay principal and interest and fiscal agent fees related to sales tax revenue bonds.

Hotel/Motel Debt Service Fund – To provide for the payment of bond principal and interest for the Hotel/Motel portion of the general fund as they come due.

NON MAJOR CAPITAL PROJECTS FUNDS

Street/Drainage Improvements Fund – To account for the financing and construction of various street and drainage projects. Financing was provided by general obligation bond proceeds and operating transfers from the General Fund.

2006 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds and an operating transfer from the Debt Service Fund to cover costs of financing.

2007 G.O. Bond Capital Projects Fund – To account for the financing and construction of voter approved projects. Financing was provided by general obligation bond proceeds.

2007 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2009 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2012 G.O. Bond Capital Projects Fund – To account for the financing and construction of voter approved projects. Financing was provided by general obligation bond proceeds.

2014 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2015 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2016 C.O. Bond Capital Projects Fund – To account for the financing and construction of designated projects. Financing was provided by certificate of obligation bond proceeds.

2017 Tax Notes– To account for the financing and construction of designated projects. Financing was provided by tax note proceeds.

Escrow Projects Capital Projects Fund – To account for the construction of projects that are partially paid through escrow funds. Financing was provided by various sources including developer escrow funds.

CITY OF HURST
FUND DESCRIPTIONS (Continued)

NON MAJOR PROPRIETARY FUNDS

Stormwater Fund – Used to account for the collection of stormwater management service fees and the repair and maintenance of capital assets supported by this fee.

Conference & Meeting Center Fund – Used to account for the operations of the City's conference and meeting center. Fees are charged for use of the center.

INTERNAL SERVICE FUNDS

The Fleet Service Fund – Used to account for the acquisition and financing of replacement vehicles of the General Fund and the repair and maintenance of all vehicles. Operations are financed by charges to user departments based on vehicle usage.

The Loss Reserve Fund – Used to account for the City's self-insurance health care program. The program is financed by charges to user departments based on the number of covered employees and dependents.

The Information Services Fund – Used to account for the personnel and operating costs of information services and the replacement cost of all computer related equipment. Operations are financed by charges to user departments on a cost-reimbursement basis.

GOVERNMENTAL CAPITAL ASSETS

The Governmental Capital Assets – Used to account for all capital assets not used in enterprise funds.

CITY OF HURST, TEXAS

GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 1,050,446	$ 122,227
Investments	7,993,937	10,590,902
Taxes receivable	1,912,246	1,802,328
Accounts receivable	389,366	445,195
Inventories and other	1,883	1,883
Due from other funds	6,448,658	6,454,313
Total assets	$ 17,796,536	$ 19,416,848
Liabilities and Fund Balance		
Liabilities:		
Accounts payable and accrued items	$ 1,785,495	$ 1,400,176
Deposits, bonds, and other liabilities	328,386	333,434
Unearned revenue	111,480	69,717
Due to other funds	1,752,198	4,388,979
Total liabilities	3,977,559	6,192,306
Fund balance:		
Nonspendable:		
Inventory	1,883	1,883
Spendable:		
Restricted	3,612,041	3,104,302
Committed	474,002	365,042
Assigned	568,555	581,219
Unassigned	9,162,496	9,172,096
Total fund balance	13,818,977	13,224,542
Total liabilities and fund balance	$ 17,796,536	$ 19,416,848

CITY OF HURST, TEXAS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
September 30, 2017 with Comparative
Total for September 30, 2016

		Capital Projects			
	Debt Service	Street/ Drainage Improvements	2006 CO Bond	2007 GO Bond	2007 CO Bond
Assets					
Cash and cash equivalents	$ 66,238	$ 89,849	$ 25	$ 39,913	$ 53,678
Investments	1,010,971	-	-	-	-
Receivables:					
Taxes	44,093	-	-	-	-
Other	5,136	-	-	-	-
Total assets	$ 1,126,438	$ 89,849	$ 25	$ 39,913	$ 53,678
Liabilities					
Accounts payable and accrued items	$ 38,783	$ -	$ -	$ -	$ 2,345
Escrow deposits and unearned revenue	27,783	-	-	-	-
Total liabilities	66,566	-	-	-	2,345
Fund Balances					
Restricted	1,059,872	89,849	25	39,913	51,333
Total fund balances	1,059,872	89,849	25	39,913	51,333
Total liabilities and fund balances	$ 1,126,438	$ 89,849	$ 25	$ 39,913	$ 53,678

Capital Projects							Totals	
2009 CO Bond	2012 GO Bond	2014 CO Bond	2015 CO Bond	2016 CO Bond	2017 Tax Note	Escrow Projects	2017	2016
$ -	$ -	$ -	$ 200,330	$ 6,874	$ -	$ 8,635	$ 465,542	$ 4,910,466
772,353	-	-	2,494,684	-	-	-	4,278,008	6,674,313
-	-	-	-	-	-	-	44,093	24,699
-	-	-	1,926	1,137	-	2,141	10,340	3,004
$ 772,353	$ -	$ -	$ 2,696,940	$ 8,011	$ -	$ 10,776	$ 4,797,983	$ 11,612,482
$ 85,219	$ -	$ -	$ -	$ -	$ -	$ -	$ 126,347	$ 1,195,768
-	-	-	-	-	-	-	27,783	20,033
85,219	-	-	-	-	-	-	154,130	1,215,801
687,134	-	-	2,696,940	8,011	-	10,776	4,643,853	10,396,681
687,134	-	-	2,696,940	8,011	-	10,776	4,643,853	10,396,681
$ 772,353	$ -	$ -	$ 2,696,940	$ 8,011	$ -	$ 10,776	$ 4,797,983	$ 11,612,482

CITY OF HURST, TEXAS

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended September 30, 2017 with Comparative Total for Year Ended September 30, 2016

		Capital Projects			
	Debt Service	Street/ Drainage Improvements	2006 CO Bond	2007 GO Bond	2007 CO Bond
Revenues:					
Taxes, penalty, and interest	$ 3,262,645	$ -	$ -	$ -	$ -
Interest	17,897	-	-	-	318
Miscellaneous	8,943	-	-	-	-
Total revenues	3,289,485	-	-	-	318
Expenditures:					
Bond principal payments	3,025,000	-	-	-	-
Bond issue costs/interest	2,064,391	-	-	-	-
General government	-	-	-	-	2,345
Capital outlay	-	78,322	3,475	-	-
Total expenditures	5,089,391	78,322	3,475	-	2,345
Excess (deficiency) of revenues over (under) expenditures	(1,799,906)	(78,322)	(3,475)	-	(2,027)
Other financing sources (uses):					
Debt proceeds	-	-	-	-	-
Refunding bonds issued	1,500,000	-	-	-	-
Premium on bond issuance	-	-	-	-	-
Payment to refunded bonds escrow agent	(1,478,363)	-	-	-	-
Transfers in	1,844,219	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources	1,865,856	-	-	-	-
Net change in fund balances	65,950	(78,322)	(3,475)	-	(2,027)
Fund balances, beginning	993,922	168,171	3,500	39,913	53,360
Fund balances, ending	$ 1,059,872	$ 89,849	$ 25	$ 39,913	$ 51,333

Capital Projects							Totals	
2009 CO Bond	2012 GO Bond	2014 CO Bond	2015 CO Bond	2016 CO Bond	2017 Tax Notes	Escrow Projects	2017	2016
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,262,645	$ 3,134,650
7,502	465	-	12,323	7,374	-	-	45,879	35,352
-	-	-	-	-	-	3,500	12,443	90,487
7,502	465	-	12,323	7,374	-	3,500	3,320,967	3,260,489
-	-	-	-	-	-	-	3,025,000	2,705,000
-	-	-	-	-	30,000	-	2,094,391	2,251,434
-	-	-	-	4,644	-	-	6,989	-
975,478	211,750	-	54,349	4,503,228	1,151,077	-	6,977,679	2,207,306
975,478	211,750	-	54,349	4,507,872	1,181,077	-	12,104,059	7,163,740
(967,976)	(211,285)	-	(42,026)	(4,500,498)	(1,181,077)	3,500	(8,783,092)	(3,903,251)
-	-	-	-	-	1,180,000	-	1,180,000	4,905,000
-	-	-	-	-	-	-	1,500,000	11,240,000
-	-	-	-	-	-	-	-	1,931,800
-	-	-	-	-	-	-	(1,478,363)	(12,517,062)
-	-	-	-	-	1,077	-	1,845,296	1,567,990
-	(6,364)	(10,305)	-	-	-	-	(16,669)	-
-	(6,364)	(10,305)	-	-	1,181,077	-	3,030,264	7,127,728
(967,976)	(217,649)	(10,305)	(42,026)	(4,500,498)	-	3,500	(5,752,828)	3,224,477
1,655,110	217,649	10,305	2,738,966	4,508,509	-	7,276	10,396,681	7,172,204
$ 687,134	$ -	$ -	$ 2,696,940	$ 8,011	$ -	$ 10,776	$ 4,643,853	$ 10,396,681

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
September 30, 2017 with Comparative
Total for September 30, 2016

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals 2017	Totals 2016
Assets					
Cash and cash equivalents	$ 63,578	$ -	$ 2,660	$ 66,238	$ 777,748
Investments	300,031	710,940	-	1,010,971	250,291
Delinquent taxes, net of allowance for uncollectible accounts of $87,752 in 2017 and $89,473 in 2016	44,093	-	-	44,093	24,699
Other receivables	1,926	3,210	-	5,136	-
Total assets	$ 409,628	$ 714,150	$ 2,660	$ 1,126,438	$ 1,052,738
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued items	$ 12,186	$ 26,597	$ -	$ 38,783	$ 38,783
Unearned revenue	27,783	-	-	27,783	20,033
Total liabilities	39,969	26,597	-	66,566	58,816
Restricted fund balances	369,659	687,553	2,660	1,059,872	993,922
Total liabilities and fund balances	$ 409,628	$ 714,150	$ 2,660	$ 1,126,438	$ 1,052,738

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended September 30, 2017 with Comparative Total for Year Ended September 30, 2016

	Debt Service Fund	HCDC Debt Service Fund	Hotel/Motel Debt Service Fund	Totals 2017	Totals 2016
Revenues:					
Taxes, penalty, and interest	$ 3,262,645	$ -	$ -	$ 3,262,645	$ 3,134,650
Interest	11,153	6,744	-	17,897	10,911
Miscellaneous	744	5,457	2,742	8,943	16,956
Total revenues	3,274,542	12,201	2,742	3,289,485	3,162,517
Expenditures:					
Principal retirement	2,005,000	865,000	155,000	3,025,000	2,705,000
Interest and fiscal charges	1,255,551	609,413	199,427	2,064,391	2,162,614
Total expenditures	3,260,551	1,474,413	354,427	5,089,391	4,867,614
Excess (deficiency) of revenues over (under) expenditures	13,991	(1,462,212)	(351,685)	(1,799,906)	(1,705,097)
Other financing sources (uses):					
Refunding bonds issued	1,500,000	-	-	1,500,000	11,240,000
Premium on bond issuance	-	-	-	-	1,347,980
Payment to bonds escrow agent	(1,478,363)	-	-	(1,478,363)	(12,517,062)
Transfers in	6,364	1,483,730	354,125	1,844,219	1,567,990
Total other financing sources	28,001	1,483,730	354,125	1,865,856	1,638,908
Revenues and other financing sources over (under) expenditures and other financing uses	41,992	21,518	2,440	65,950	(66,189)
Fund balances - beginning of year	327,667	666,035	220	993,922	1,060,111
Fund balances - end of year	$ 369,659	$ 687,553	$ 2,660	$ 1,059,872	$ 993,922

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended September 30, 2017 with Comparative Actual for Year Ended September 30, 2016

	DEBT SERVICE			
	2017			2016
	Budget	Actual	Variance	Actual
Revenues:				
Taxes, penalty, and interest	$ 3,601,846	$ 3,262,645	$ (339,201)	$ 3,134,650
Interest	10,000	11,153	1,153	7,999
Miscellaneous	-	744	744	16,956
Total revenues	3,611,846	3,274,542	(337,304)	3,159,605
Expenditures:				
Principal retirement	2,005,000	2,005,000	-	1,910,000
Interest and fiscal charges	1,229,926	1,255,551	(25,625)	1,325,896
Total expenditures	3,234,926	3,260,551	(25,625)	3,235,896
Excess (deficiency) of revenues over (under) expenditures	376,920	13,991	(362,929)	(76,291)
Other financing sources (uses):				
Refunding bonds issued	-	1,500,000	1,500,000	1,345,000
Premium on bond issuance	-	-	-	175,195
Payment to bonds escrow agent	-	(1,478,363)	(1,478,363)	(1,511,709)
Operating transfers in	-	6,364	6,364	-
Total other financing sources	-	28,001	28,001	8,486
Revenues and other financing sources over (under) expenditures other financing uses	376,920	41,992	(334,928)	(67,805)
Fund balance - beginning of year	327,667	327,667	-	395,472
Fund balance - end of year	$ 704,587	$ 369,659	$ (334,928)	$ 327,667

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
Year Ended September 30, 2017 with Comparative Actual for Year Ended September 30, 2016

	HCDC DEBT SERVICE			
	2017			2016
	Budget	Actual	Variance	Actual
Revenues:				
Interest	$ -	$ 6,744	$ 6,744	$ 2,884
Miscellaneous	-	5,457	5,457	-
Total revenues	-	12,201	12,201	2,884
Expenditures:				
Principal retirement	865,000	865,000	-	660,000
Interest and fiscal charges	607,394	609,413	(2,019)	539,836
Total expenditures	1,472,394	1,474,413	(2,019)	1,199,836
Deficiency of revenues under expenditures	(1,472,394)	(1,462,212)	10,182	(1,196,952)
Other financing sources:				
Refunding bonds issued	-	-	-	4,945,000
Premium on bond issuance	-	-	-	586,111
Payment to bonds escrow agent	-	-	-	(5,499,911)
Transfers in	1,472,394	1,483,730	11,336	1,167,340
Total other financing sources	1,472,394	1,483,730	11,336	1,198,540
Revenues and other financing sources over expenditures	-	21,518	21,518	1,588
Fund balance - beginning of year	666,035	666,035	-	664,447
Fund balance - end of year	$ 666,035	$ 687,553	$ 21,518	$ 666,035

(Continued)

CITY OF HURST, TEXAS

DEBT SERVICE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Continued)
Year Ended September 30, 2017 with Comparative Actual for Year Ended September 30, 2016

	Hotel/Motel Debt Service			
	2017			2016
	Budget	Actual	Variance	Actual
Revenues:				
Interest	$ -	$ -	$ -	$ 28
Miscellaneous	-	2,742	2,742	-
Total revenues	-	2,742	2,742	28
Expenditures:				
Principal retirement	155,000	155,000	-	135,000
Interest and fiscal charges	198,844	199,427	(583)	296,882
Total expenditures	353,844	354,427	(583)	431,882
Deficiency of revenues under expenditures	(353,844)	(351,685)	2,159	(431,854)
Other financing sources:				
Refunding bonds issued	-	-	-	4,950,000
Premium on bond issuance	-	-	-	586,674
Payment to bonds escrow agent	-	-	-	(5,505,442)
Transfers in	353,844	354,125	(281)	400,650
Total other financing sources	353,844	354,125	(281)	431,882
Revenues and other financing sources over expenditures	-	2,440	(2,440)	28
Fund balance - beginning of year	220	220	-	192
Fund balance - end of year	$ 220	$ 2,660	$ (2,440)	$ 220

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2017 with Comparative
Total for September 30, 2016

	Stormwater	Conference & Meeting Center	Totals 2017	Totals 2016
Assets				
Current assets:				
Cash and cash equivalents	$ 194,062	$ 1,030,351	$ 1,224,413	$ 808,766
Investments	1,050,171	-	1,050,171	1,170,000
Accounts receivable	151,037	74,160	225,197	239,285
Other receivables	11,224	-	11,224	8,696
Inventory of materials and supplies, at cost	-	24,868	24,868	45,862
Prepaids and other assets	-	1,574	1,574	3,034
Total current assets	1,406,494	1,130,953	2,537,447	2,275,643
Capital assets, at cost	3,956,119	5,645	3,961,764	2,996,714
Accumulated depreciation	(331,441)	(1,882)	(333,323)	(210,544)
Total capital assets	3,624,678	3,763	3,628,441	2,786,170
Total assets	5,031,172	1,134,716	6,165,888	5,061,813
Deferred Outflows of Resources				
Deferred contributions to pension plan	19,124	57,437	76,561	65,181
Change in pension assumptions	11,970	43,340	55,310	75,781
Investment experience related to pension plan	54,147	184,422	238,569	343,629
Total deferred outflows	85,241	285,199	370,440	484,591
Total assets and deferred outflows	$ 5,116,413	$ 1,419,915	$ 6,536,328	$ 5,546,404
Liabilities				
Current liabilities:				
Accounts payable and accrued items	$ 40,885	$ 95,352	$ 136,237	$ 318,840
Due to other funds	81,987	-	81,987	82,566
Unearned revenue	-	519,416	519,416	391,133
Current portion of compensated absences	3,115	11,519	14,634	10,033
Total current liabilities	125,987	626,287	752,274	802,572
Pension liability	213,169	694,135	907,304	824,868
Compensated absences, net of current portion	5,624	20,524	26,148	20,647
Total liabilities	344,780	1,340,946	1,685,726	1,648,087
Deferred Inflows of Resources				
Differences between expected and actual economic experience	2,168	(297)	1,871	33,242
Net Position				
Net investment in capital assets	3,624,678	3,763	3,628,441	2,786,170
Unrestricted	1,144,787	75,503	1,220,290	1,078,905
Total net position	4,769,465	79,266	4,848,731	3,865,075
Total liabilities, deferred inflows, and net position	$ 5,116,413	$ 1,419,915	$ 6,536,328	$ 5,546,404

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2017 with Comparative Total for Year Ended September 30, 2016

	Stormwater	Conference & Meeting Center	Totals 2017	Totals 2016
Operating revenues:				
Storm drainage utility fee	$ 1,101,592	$ -	$ 1,101,592	$ 1,088,847
Event fees	-	2,811,704	2,811,704	2,553,445
Other	284,533	-	284,533	54,062
Total operating revenues	1,386,125	2,811,704	4,197,829	3,696,354
Operating expenses:				
Personnel services	376,568	1,407,385	1,783,953	1,504,777
Repairs and maintenance	216,322	109,016	325,338	317,254
Materials and supplies	5,089	45,603	50,692	53,406
Depreciation and amortization	121,367	1,411	122,778	86,448
Indirect cost/street rental fees	81,987	-	81,987	82,566
Other	213,766	1,090,648	1,304,414	1,197,240
Total operating expenses	1,015,099	2,654,063	3,669,162	3,241,691
Operating income	371,026	157,641	528,667	454,663
Non-operating revenues:				
Interest revenue	10,456	-	10,456	12,199
Total non-operating revenues	10,456	-	10,456	12,199
Income before transfers	381,482	157,641	539,123	466,862
Contributions	455,840	-	455,840	203,110
Transfers out	(11,307)	-	(11,307)	(4,000)
Change in net position	826,015	157,641	983,656	665,972
Net position - beginning of year	3,943,450	(78,375)	3,865,075	3,199,103
Net position - end of year	$ 4,769,465	$ 79,266	$ 4,848,731	$ 3,865,075

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended September 30, 2017 with Comparative
Total for Year Ended September 30, 2016

	Stormwater	Conference & Meeting Center	Totals 2017	Totals 2016
Cash flow from operating activities:				
Receipts from customers and users	$ 1,386,797	$ 2,953,403	$ 4,340,200	$ 3,784,983
Payments to suppliers	(609,405)	(1,231,187)	(1,840,592)	(1,422,435)
Payments on behalf of employees	(339,200)	(1,269,435)	(1,608,635)	(1,401,743)
Payments for interfund services used	(82,566)	-	(82,566)	(77,964)
Net cash provided by operating activities	355,626	452,781	808,407	882,841
Noncapital financing activities:				
Transfers to other funds	(11,307)	-	(11,307)	(4,000)
Net cash used in noncapital financing activities	(11,307)	-	(11,307)	(4,000)
Capital and related financing activities:				
Purchases of property and equipment	(509,210)	-	(509,210)	(901,342)
Proceeds from sale of property and equipment	-	-	-	-
Net cash used in capital and related financing activities	(509,210)	-	(509,210)	(901,342)
Investing activities:				
Proceeds from sale/maturity of investments	320,000	-	320,000	1,015,273
Purchase of investments	(200,171)	-	(200,171)	(865,273)
Interest received on investments	7,928	-	7,928	11,563
Net cash provided by investing activities	127,757	-	127,757	161,563
Net increase (decrease) in cash and cash equivalents	(37,134)	452,781	415,647	139,062
Cash and cash equivalents - beginning of year	231,196	577,570	808,766	669,704
Cash and cash equivalents - end of year	$ 194,062	$ 1,030,351	$ 1,224,413	$ 808,766
Noncash activity:				
Capital contributions received in-kind	$ 455,840	$ -	$ 455,840	$ 203,110

(Continued)

CITY OF HURST, TEXAS

NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
Year Ended September 30, 2017 with Comparative
Total for Year Ended September 30, 2016

	Stormwater	Conference & Meeting Center	Totals 2017	Totals 2016
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 371,026	$ 157,641	$ 528,667	$ 454,663
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	121,367	1,411	122,778	86,448
Change in assets and liabilities:				
Accounts receivable	672	13,416	14,088	(18,606)
Inventory of materials and supplies	-	20,994	20,994	(8,364)
Due to other funds	(579)	-	(579)	4,602
Prepaids and other assets	-	1,461	1,461	10,925
Accounts payable and other liabilities	(136,860)	129,575	(7,285)	245,938
Unearned revenue	-	128,283	128,283	107,235
Net cash provided by operating activities	$ 355,626	$ 452,781	$ 808,407	$ 882,841

CITY OF HURST, TEXAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
September 30, 2017 with Comparative
Total for September 30, 2016

	Fleet Service	Loss Reserve	Information Services	Totals 2017	Totals 2016
Assets					
Current assets:					
Cash and cash equivalents	$ 454,976	$ 1,358,521	$ 316,031	$ 2,129,528	$ 1,331,209
Investments	2,923,598	2,746,056	2,585,715	8,255,369	7,883,104
Inventory of supplies, at cost	46,517	-	-	46,517	47,857
Due from other funds	105,864	473,144	-	579,008	1,213,792
Other receivables	22,964	29,476	11,723	64,163	54,881
Total current assets	3,553,919	4,607,197	2,913,469	11,074,585	10,530,843
Property and equipment, at cost:					
Improvements other than buildings	433,451	-	-	433,451	433,451
Machinery and equipment	6,613,639	-	5,503,185	12,116,824	11,703,086
Construction in progress	(1,055)	-	111,455	110,400	141,604
Accumulated depreciation	(5,471,623)	-	(4,286,223)	(9,757,846)	(9,288,237)
Total property and equipment	1,574,412	-	1,328,417	2,902,829	2,989,904
Total assets	5,128,331	4,607,197	4,241,886	13,977,414	13,520,747
Deferred Outflows of Resources					
Deferred contributions to pension plan	20,109	-	32,299	52,408	46,584
Change in pension assumptions	14,250	-	22,999	37,249	47,724
Investment experience related to pension plan	64,017	-	102,880	166,897	220,658
Total deferred outflows	98,376	-	158,178	256,554	314,966
Total assets and deferred outflows	$ 5,226,707	$ 4,607,197	$ 4,400,064	$ 14,233,968	$ 13,835,713
Liabilities					
Current liabilities:					
Accounts payable and accrued items	$ 45,476	$ 416,665	$ 89,627	$ 551,768	$ 612,581
Due to other funds	246,767	-	-	246,767	238,094
Current portion of compensated absences	6,986	-	10,260	17,246	16,997
Total current liabilities	299,229	416,665	99,887	815,781	867,672
Compensated absences	12,973	-	19,053	32,026	31,566
Net pension liability	218,020	-	351,266	569,286	527,102
Total liabilities	530,222	416,665	470,206	1,417,093	1,426,340
Deferred Inflows of Resources					
Differences between expected and actual economic experience	3,003	-	4,444	7,447	23,501
Net position					
Net investment in capital assets	1,574,412	-	1,328,417	2,902,829	2,989,904
Unrestricted	3,119,070	4,190,532	2,596,997	9,906,599	9,395,968
Total net position	4,693,482	4,190,532	3,925,414	12,809,428	12,385,872
Total liabilities, deferred inflows, and net position	$ 5,226,707	$ 4,607,197	$ 4,400,064	$ 14,233,968	$ 13,835,713

CITY OF HURST, TEXAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended September 30, 2017 with Comparative
Total for Year Ended September 30, 2016

	Fleet Service	Loss Reserve	Information Services	Totals 2017	Totals 2016
Operating revenues:					
Service fees	$ 1,740,647	$ 5,367,081	$ 1,985,054	$ 9,092,782	$ 8,569,741
Other	40,999	12,262	3,654	56,915	45,968
Total operating revenues	1,781,646	5,379,343	1,988,708	9,149,697	8,615,709
Operating expenses:					
Personnel services	362,725	5,879,076	585,498	6,827,299	6,978,843
Contractual services	-	-	118,711	118,711	116,596
Repairs and maintenance	38,417	-	516,886	555,303	377,125
Materials and supplies	759,788	-	474,343	1,234,131	1,203,693
Depreciation and amortization	539,555	-	262,534	802,089	775,897
Total operating expenses	1,700,485	5,879,076	1,957,972	9,537,533	9,452,154
Operating income (loss)	81,161	(499,733)	30,736	(387,836)	(836,445)
Non-operating revenues:					
Interest	22,768	29,200	19,123	71,091	55,876
Gain (loss) on sale of property and equipment	55,850	-	-	55,850	(262,154)
Total non-operating revenues	78,618	29,200	19,123	126,941	(206,278)
Transfers in	11,307	473,144	280,000	764,451	1,201,416
Transfers out	-	-	(80,000)	(80,000)	(78,809)
Change in net position	171,086	2,611	249,859	423,556	79,884
Net position - beginning of year	4,522,396	4,187,921	3,675,555	12,385,872	12,305,988
Net position - end of year	$ 4,693,482	$ 4,190,532	$ 3,925,414	$ 12,809,428	$ 12,385,872

CITY OF HURST, TEXAS

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year ended September 30, 2017 with Comparative
Total for Year Ended September 30, 2016

	Fleet Service	Loss Reserve	Information Services	Totals 2017	Totals 2016
Cash flow from operating activities:					
Receipts from customers and users	$ 37,552	$ 12,262	$ 3,654	$ 53,468	$ 51,149
Receipts from interfund services provided	1,720,891	6,030,294	1,985,054	9,736,239	8,578,464
Payments on behalf of suppliers	(792,036)	(31,915)	(1,085,671)	(1,909,622)	(1,665,920)
Payments on behalf of employees	(328,987)	(5,937,072)	(533,985)	(6,800,044)	(6,958,461)
Net cash provided by (used in) operating activities	637,420	73,569	369,052	1,080,041	5,232
Noncapital financing activities:					
Transfers to other funds	-	-	(80,000)	(80,000)	(78,809)
Transfers from other funds	11,307	473,144	280,000	764,451	1,065,059
Net cash provided by noncapital financing activities	11,307	473,144	200,000	684,451	986,250
Capital and related financing activities:					
Proceeds from sale of property and equipment	73,365	-	-	73,365	94,902
Purchases of property and equipment	(358,220)	-	(374,309)	(732,529)	(1,115,371)
Net cash used in capital and related financing activities	(284,855)	-	(374,309)	(659,164)	(1,020,469)
Investing activities:					
Proceeds from sale/maturity of investments	750,114	1,877,360	803,485	3,430,959	3,819,532
Purchase of investments	(992,718)	(1,723,416)	(1,087,090)	(3,803,224)	(4,200,659)
Interest received on investments	22,768	20,113	22,375	65,256	48,239
Net cash provided by (used in) investing activities	(219,836)	174,057	(261,230)	(307,009)	(332,888)
Net increase (decrease) in cash and cash equivalents	144,036	720,770	(66,487)	798,319	(361,875)
Cash and cash equivalents - beginning of year	310,940	637,751	382,518	1,331,209	1,693,084
Cash and cash equivalents - end of year	$ 454,976	$ 1,358,521	$ 316,031	$ 2,129,528	$ 1,331,209
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 81,161	$ (499,733)	$ 30,736	$ (387,836)	$ (836,445)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	539,555	-	262,534	802,089	775,897
Change in assets and liabilities:					
Other receivables	(3,447)	-	-	(3,447)	5,181
Inventory of supplies	1,340	-	-	1,340	(13,755)
Due to other funds	(19,756)	663,213	-	643,457	8,723
Accounts payable and other liabilities	38,567	(89,911)	75,782	24,438	65,631
Net cash provided by (used in) operating activities	$ 637,420	$ 73,569	$ 369,052	$ 1,080,041	$ 5,232

CITY OF HURST, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
Year ended September 30, 2017

	Balance September 30, 2016	Additions	Reductions	Balance September 30, 2017
ASSETS				
Investments	$ 2,484,617	$ 548,750	$ -	$ 3,033,367
Total assets	$ 2,484,617	$ 548,750	$ -	$ 3,033,367
LIABILITIES				
Assets held for others	$ 2,484,617	$ 548,750	$ -	$ 3,033,367
Total liabilities	$ 2,484,617	$ 548,750	$ -	$ 3,033,367

CITY OF HURST, TEXAS

SCHEDULE OF GOVERNMENTAL CAPITAL ASSETS
BY FUNCTION AND ACTIVITY
September 30, 2017

	Total	Land	Buildings and Improvements	Improvements Other than Buildings	Machinery and Equipment
General government:					
Legislative	$ 16,118	$ -	$ -	$ -	$ 16,118
Administrative	32,257,087	4,590,624	22,682,871	2,299,964	2,683,628
Public information	24,269	-	-	-	24,269
Judicial	186,818	-	-	-	186,818
Development	24,235	-	-	-	24,235
Accounting	83,845	-	-	-	83,845
Information services	233,861	-	-	-	233,861
Central services	29,960	-	-	-	29,960
General government buildings	23,496,162	14,988,681	4,790,277	2,834,387	882,817
Building maintenance	2,037,770	77,679	1,804,699	-	155,392
	58,390,125	19,656,984	29,277,847	5,134,351	4,320,943
Internal service funds	12,550,275	-	-	433,451	12,116,824
Public safety:					
Police	28,473,686	350,000	19,649,157	42,722	8,431,807
Fire	9,201,003	249,426	7,618,783	13,399	1,319,395
	37,674,689	599,426	27,267,940	56,121	9,751,202
Culture and recreation:					
Administration	4,382,355	1,030,637	3,298,211	25,385	28,122
Recreation	12,061,311	853,503	9,474,226	100,000	1,633,582
Aquatics	17,279,095	368,681	2,421,770	14,360,320	128,324
Parks	25,514,940	10,455,411	9,108,550	5,053,063	897,916
Library	8,708,713	204,434	7,393,855	153,197	957,227
Senior Center	10,376	-	-	-	10,376
	67,956,790	12,912,666	31,696,612	19,691,965	3,655,547
Public works:					
Code enforcement	71,619	-	6,591	-	65,028
Engineering	26,923,573	147,373	4,078,704	22,409,969	287,527
Streets	136,383,440	24,262,266	7,600	111,862,780	250,794
	163,378,632	24,409,639	4,092,895	134,272,749	603,349
Total governmental capital assets	339,950,511	$ 57,578,715	$ 92,335,294	$ 159,588,637	$ 30,447,865
Accumulated depreciation	(176,714,883)				
Construction in progress	3,945,616				
Total governmental capital assets	$ 167,181,244				

CITY OF HURST, TEXAS

SCHEDULE OF CHANGES IN GOVERNMENTAL CAPITAL ASSETS BY FUNCTION AND ACTIVITY

Year Ended September 30, 2017

	Balance October 1, 2016	Additions	Deductions	Transfers	Balance September 30, 2017
General government:					
Legislative	$ 16,118	$ -	$ -	$ -	$ 16,118
Administrative	31,234,983	-	(8,364)	1,030,468	32,257,087
Public information	24,269	-	-	-	24,269
Judicial	186,818	-	-	-	186,818
Development	24,235	-	-	-	24,235
Accounting	83,845	-	-	-	83,845
Information services	233,861	-	-	-	233,861
Central services	29,960	-	-	-	29,960
General government buildings	23,358,218	100,772	-	37,172	23,496,162
Building maintenance	2,020,190	35,160	(17,580)	-	2,037,770
	57,212,497	135,932	(25,944)	1,067,640	58,390,125
Internal service funds	12,136,537	425,439	(338,110)	326,409	12,550,275
Public safety:					
Police	26,988,076	3,494	-	1,482,116	28,473,686
Fire	9,095,295	-	-	105,708	9,201,003
	36,083,371	3,494	-	1,587,824	37,674,689
Culture and recreation:					
Administration	4,382,355	-	-	-	4,382,355
Recreation	10,503,979	-	-	1,557,332	12,061,311
Aquatics	13,053,457	-	(237,059)	4,462,697	17,279,095
Parks	25,128,838	6,729	-	379,373	25,514,940
Library	8,708,713	-	-	-	8,708,713
Senior Center	-	-	-	10,376	10,376
	61,777,342	6,729	(237,059)	6,409,778	67,956,790
Public works:					
Code enforcement	71,619	-	-	-	71,619
Engineering	26,923,573	-	-	-	26,923,573
Streets	135,775,750	424,254	(34,870)	218,306	136,383,440
	162,770,942	424,254	(34,870)	218,306	163,378,632
Total governmental capital assets	329,980,689	995,848	(635,983)	9,609,957	339,950,511
Accumulated depreciation	(168,208,333)	(8,873,904)	367,354	-	(176,714,883)
Construction in progress	4,922,151	8,633,422	-	(9,609,957)	3,945,616
Total governmental capital assets	$ 166,694,507	$ 755,366	$ (268,629)	$ -	$ 167,181,244

STATISTICAL SECTION
(UNAUDITED)

CITY OF HURST
TEXAS

This part of the City of Hurst's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

Financial Trends **94**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **105**

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity **112**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **120**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information **122**

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

City of Hurst, Texas
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ended			
	2008	**2009**	**2010**	**2011**
Governmental activities				
Net investment in capital assets	$ 106,731,805	$ 115,265,327	$ 123,682,675	$ 123,412,159
Restricted	18,243,351	16,181,125	23,953,817	19,722,460
Unrestricted	41,306,391	36,438,025	23,437,822	28,479,875
Total governmental activities net position	$ 166,281,547	$ 167,884,477	$ 171,074,314	$ 171,614,494
Business-type activities				
Net investment in capital assets	$ 27,246,257	$ 24,262,729	$ 25,423,579	$ 27,468,477
Restricted	2,128,461	3,150,747	4,442,197	5,823,608
Unrestricted	10,736,581	13,170,017	9,886,405	9,724,120
Total business-type activities net position	$ 40,111,299	$ 40,583,493	$ 39,752,181	$ 43,016,205
Primary government				
Net investment in capital assets	$ 133,978,062	$ 139,528,056	$ 149,106,254	$ 150,880,636
Restricted	20,371,812	19,331,872	28,396,014	25,546,068
Unrestricted	52,042,972	49,608,042	33,324,227	38,203,995
Total primary government net position	$ 206,392,846	$ 208,467,970	$ 210,826,495	$ 214,630,699

TABLE A-1

	Fiscal Year Ended					
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
	$ 121,727,955	$ 121,033,272	$ 117,648,033	$ 120,518,416	$ 116,996,558	$ 113,110,579
	19,694,881	18,778,425	25,403,597	21,707,954	24,767,252	18,462,933
	31,841,636	31,971,587	28,731,273	23,104,601	16,858,946	22,822,983
	$ 173,264,472	$ 171,783,284	$ 171,782,903	$ 165,330,971	$ 158,622,756	$ 154,396,495
	$ 27,973,330	$ 32,065,030	$ 32,606,567	$ 33,786,264	$ 36,190,346	$ 38,497,026
	7,231,573	8,680,903	10,031,203	11,358,914	12,911,394	14,353,055
	10,649,487	7,565,755	6,500,430	3,816,191	468,067	(927,314)
	$ 45,854,390	$ 48,311,688	$ 49,138,200	$ 48,961,369	$ 49,569,807	$ 51,922,767
	$ 149,701,285	$ 153,098,302	$ 150,254,600	$ 154,304,680	$ 153,186,904	$ 151,607,605
	26,926,454	27,459,328	35,434,800	33,066,868	37,678,646	32,815,988
	42,491,123	39,537,342	35,231,703	26,920,792	17,327,013	21,895,669
	$ 219,118,862	$ 220,094,972	$ 220,921,103	$ 214,292,340	$ 208,192,563	$ 206,319,262

City of Hurst, Texas
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
Expenses				
Governmental activities:				
General government	$ 3,621,697	$ 3,020,816	$ 2,801,900	$ 4,526,058
Public safety	18,813,284	20,093,482	20,382,533	20,844,894
Culture and recreation	9,385,966	9,631,448	9,604,717	10,236,270
Public works	5,426,347	4,878,025	4,944,232	5,044,657
Interest expense	1,529,531	2,118,058	1,984,840	2,051,488
Total governmental activities expenses	38,776,825	39,741,829	39,718,222	42,703,367
Business-type activities:				
Water and sewer	16,136,603	16,298,745	17,642,853	17,391,811
Stormwater management services	-	-	560,894	602,273
Conference and meeting center	-	-	543,330	1,611,672
Total business-type activities expenses	16,136,603	16,298,745	18,747,077	19,605,756
Total primary government expenses	$ 54,913,428	$ 56,040,574	$ 58,465,299	$ 62,309,123
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 9,800	$ 9,120	$ 175,655	$ 39,950
Public safety	2,465,938	2,943,118	3,016,775	3,195,869
Culture and recreation	1,088,717	1,134,616	1,167,016	1,261,039
Public works	609,348	507,806	511,549	596,443
Operating grants and contributions	761,022	862,012	2,271,486	1,532,532
Capital grants and contributions	-	-	168,744	728,462
Total governmental activities program revenues	4,934,825	5,456,672	7,311,225	7,354,295
Business-type activities:				
Charges for services:				
Water and sewer services	16,520,146	16,628,683	16,009,016	20,380,121
Stormwater management services	-	-	1,090,340	1,093,535
Conference and meeting center	-	-	74,458	1,300,577
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	16,520,146	16,628,683	17,173,814	22,774,233
Total primary government program revenues	$ 21,454,971	$ 22,085,355	$ 24,485,039	$ 30,128,528

TABLE A-2

	Fiscal Year					
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
	$ 3,126,927	$ 4,230,124	$ 4,337,097	$ 5,256,773	$ 8,168,344	$ 5,503,950
	20,466,809	21,410,618	21,306,312	23,039,603	24,614,274	26,946,144
	10,304,959	10,890,525	10,845,533	11,142,994	12,112,717	12,554,825
	4,592,603	4,873,864	4,655,157	4,756,586	5,174,276	4,928,786
	1,707,178	2,099,507	1,980,775	2,146,970	2,328,484	1,888,355
	40,198,476	43,504,638	43,124,874	46,342,926	52,398,095	51,822,060
	17,502,966	18,163,625	18,757,469	19,752,412	20,384,872	20,090,660
	610,975	653,428	730,385	689,554	879,123	1,015,099
	1,850,420	2,118,967	2,024,417	2,004,236	2,362,568	2,654,063
	19,964,361	20,936,020	21,512,271	22,446,202	23,626,563	23,759,822
	$ 60,162,837	$ 64,440,658	$ 64,637,145	$ 68,789,128	$ 76,024,658	$ 75,581,882
	$ 11,140	$ 14,015	$ 14,900	$ 22,670	$ 18,470	$ 19,165
	2,877,874	3,520,712	3,150,918	3,278,888	3,551,541	3,229,547
	1,226,934	1,151,018	1,144,472	1,004,909	1,156,952	1,244,593
	629,575	655,304	657,700	630,248	682,420	780,953
	1,550,145	844,446	669,691	738,969	862,969	1,613,979
	435,849	78,548	78,875	28,803	218,830	265,990
	6,731,517	6,264,043	5,716,556	5,704,487	6,491,182	7,154,227
	19,232,852	19,814,150	19,031,909	19,609,118	19,892,629	21,183,069
	1,076,413	1,081,300	1,086,935	1,094,476	1,098,287	1,375,194
	1,675,759	2,031,709	2,003,045	1,927,152	2,553,445	2,811,704
	-	-	-	-	44,622	10,931
	-	616,666	114,148	680,309	693,753	811,985
	21,985,024	23,543,825	22,236,037	23,311,055	24,282,736	26,192,883
	$ 28,716,541	$ 29,807,868	$ 27,952,593	$ 29,015,542	$ 30,773,918	$ 33,347,110

City of Hurst, Texas
Changes in Net Position, Last Ten Fiscal Years (Continued)
(accrual basis of accounting)

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
Net (Expense)/Revenue				
Governmental activities	$ (33,842,000)	$ (34,285,157)	$ (32,406,997)	$ (35,349,072)
Business-type activities	383,543	329,938	(1,573,263)	3,168,477
Total primary government net expense	$ (33,458,457)	$ (33,955,219)	$ (33,980,260)	$ (32,180,595)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, penalty and interest	$ 12,057,602	$ 12,580,510	$ 12,325,131	$ 12,533,019
Sales taxes	17,751,935	16,404,613	17,060,525	18,130,410
Franchise taxes	2,893,507	3,037,070	2,970,646	3,127,482
Occupancy taxes	488,462	477,539	485,037	550,589
Interest	3,089,803	2,374,027	883,025	632,620
Miscellaneous	1,772,131	238,641	2,390,790	657,629
Transfers	-	775,687	(518,320)	257,503
Total governmental activities	38,053,440	35,888,087	35,596,834	35,889,252
Business-type activities:				
Interest	715,963	478,868	214,231	183,569
Miscellaneous	450,766	439,075	9,400	169,481
Transfers	-	(775,687)	518,320	(257,503)
Total business-type activities	1,166,729	142,256	741,951	95,547
Total primary government	$ 39,220,169	$ 36,030,343	$ 36,338,785	$ 35,984,799
Change in Net Position				
Governmental activities	$ 4,211,440	$ 1,602,930	$ 3,189,837	$ 540,180
Business-type activities	1,550,272	472,194	(831,312)	3,264,024
Total primary government	$ 5,761,712	$ 2,075,124	$ 2,358,525	$ 3,804,204

TABLE A-2

	Fiscal Year					
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
	$ (33,466,959)	$ (37,240,595)	$ (37,408,318)	$ (40,638,439)	$ (45,906,913)	$ (44,667,833)
	2,020,663	2,607,805	723,766	864,853	656,173	2,433,061
	$ (31,446,296)	$ (34,632,790)	$ (36,684,552)	$ (39,773,586)	$ (45,250,740)	$ (42,234,772)
	$ 12,393,133	$ 13,191,743	$ 13,545,880	$ 14,087,316	$ 13,982,919	$ 14,814,146
	18,502,765	18,419,603	19,376,108	20,716,458	20,685,644	20,043,791
	2,965,411	2,953,568	3,088,049	3,038,771	2,967,123	2,961,774
	589,551	593,921	565,970	646,284	716,281	705,786
	417,154	396,545	318,888	275,954	385,477	430,170
	800,643	784,102	513,042	1,172,033	280,870	1,251,454
	(512,570)	38,331	-	76,667	180,384	234,451
	35,156,087	36,377,813	37,407,937	40,013,483	39,198,698	40,441,572
	141,843	117,280	102,566	104,120	132,649	154,350
	123,959	-	-	-	-	-
	512,570	(38,331)	-	(76,667)	(180,384)	(234,451)
	778,372	78,949	102,566	27,453	(47,735)	(80,101)
	$ 35,934,459	$ 36,456,762	$ 37,510,503	$ 40,040,936	$ 39,150,963	$ 40,361,471
	$ 1,689,128	$ (862,782)	$ (381)	$ (624,956)	$ (6,708,215)	$ (4,226,261)
	2,799,035	2,686,754	826,332	892,306	608,438	2,352,960
	$ 4,488,163	$ 1,823,972	$ 825,951	$ 267,350	$ (6,099,777)	$ (1,873,301)

City of Hurst, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011
General Fund				
Nonspendable	$ -	$ -	$ 2,586	$ 1,803
Restricted	-	-	1,267,140	1,259,818
Committed	-	-	323,735	380,220
Assigned	-	-	632,498	664,696
Unassigned	-	-	7,122,679	7,073,761
Reserved	1,864	-	-	-
Unreserved	11,271,171	9,369,330	-	-
Total general fund	$ 11,273,035	$ 9,369,330	$ 9,348,638	$ 9,380,298
All Other Governmental Funds				
Nonspendable	$ -	$ -	$ 237,712	$ 237,712
Restricted	-	-	22,448,965	18,462,642
Committed	-	-	-	-
Assigned	-	-	16,971,027	17,475,636
Unassigned	-	-	-	-
Reserved	2,780,613	2,939,139	-	-
Unreserved, reported in:				
Special revenue funds	15,462,738	13,241,986	-	-
Capital projects funds	49,695,649	42,140,667	-	-
Total all other governmental funds	$ 67,939,000	$ 58,321,792	$ 39,657,704	$ 36,175,990

Note: The City changed the classifications used to report fund balances when it implemented GASB Statement 54 in fiscal year 2011 and applied retrospectively to the comparative information shown for fiscal year 2010.

TABLE A-3

Fiscal Year 2012	2013	2014	2015	2016	2017
$ 1,883	$ 1,883	$ 1,883	$ 1,883	$ 1,883	$ 1,883
1,601,639	1,637,359	1,854,120	2,344,861	3,104,302	3,612,041
335,771	255,713	198,349	305,069	365,042	474,002
653,976	519,597	560,867	586,595	581,219	568,555
7,452,789	7,616,609	8,389,715	9,049,255	9,172,096	9,162,496
-	-	-	-	-	-
-	-	-	-	-	-
$ 10,046,058	$ 10,031,161	$ 11,004,934	$ 12,287,663	$ 13,224,542	$ 13,818,977
$ -	$ -	$ -	$ -	$ -	$ -
34,575,812	28,314,389	24,936,284	19,363,093	21,662,950	14,851,969
-	-	-	-	-	-
19,607,928	21,302,952	22,228,199	18,697,454	17,066,513	18,295,467
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 54,183,740	$ 49,617,341	$ 47,164,483	$ 38,060,547	$ 38,729,463	$ 33,147,436

City of Hurst, Texas
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2008	2009	2010	2011
Revenues				
Taxes (see table A-5)	$ 33,193,748	$ 32,472,549	$ 32,837,927	$ 34,332,945
Licenses/permits	648,096	565,492	734,734	640,068
Support from governmental entities	761,022	862,012	2,440,230	2,241,677
Charges for services	1,874,505	1,899,484	1,913,155	1,927,918
Fines and fees	1,989,392	2,030,024	2,083,728	2,224,380
Interest	2,130,792	2,295,943	873,080	475,670
Miscellaneous	1,341,244	184,025	1,741,151	593,525
Total revenues	41,938,799	40,309,529	42,624,005	42,436,183
Expenditures				
General government	2,492,026	2,534,972	2,261,416	3,010,139
Public safety	19,113,998	19,365,968	19,194,093	19,690,902
Culture and recreation	8,146,211	7,738,575	7,857,643	8,329,136
Public works	2,674,546	1,983,242	1,892,440	1,656,102
Capital outlay	7,194,398	18,352,790	28,151,295	7,622,738
Debt service				
Principal	2,363,367	2,559,286	2,465,204	2,711,122
Interest	1,533,234	2,051,053	1,957,078	1,833,400
Total expenditures	43,517,780	54,585,886	63,779,169	44,853,539
Excess of revenues over (under) expenditures	(1,578,981)	(14,276,357)	(21,155,164)	(2,417,356)
Other Financing Sources (Uses)				
Capital lease	-	-	2,164,583	-
Proceeds from borrowing	14,320,000	2,030,000	-	-
Proceeds from refunding	-	2,600,000	-	6,465,000
Premium on bond issuance	20,800	34,757	-	214,911
Payments to escrow agent	-	(2,585,000)	-	(7,573,039)
Transfers in	3,295,719	6,397,466	5,619,616	4,514,611
Transfers out	(3,295,719)	(5,721,779)	(5,313,815)	(4,654,181)
Total other financing sources (uses)	14,340,800	2,755,444	2,470,384	(1,032,698)
Net change in fund balances	$ 12,761,819	$ (11,520,913)	$ (18,684,780)	$ (3,450,054)
Debt service as a percentage of noncapital expenditures	10.94%	12.53%	7.61%	12.22%

TABLE A-4

Fiscal Year 2012	2013	2014	2015	2016	2017
$ 34,492,773	$ 35,218,498	$ 36,605,578	$ 38,494,929	$ 38,414,972	$ 38,900,450
664,545	713,052	725,334	707,089	782,782	878,517
1,977,424	921,963	745,240	767,772	874,576	1,613,979
1,836,085	2,003,246	1,893,181	1,699,806	2,035,396	2,065,177
2,460,599	2,631,489	2,520,998	2,405,478	2,448,040	2,436,813
495,265	384,411	261,494	218,049	313,953	412,492
1,239,389	583,476	507,367	1,068,886	543,025	1,195,603
43,166,080	42,456,135	43,259,192	45,362,009	45,412,744	47,503,031
2,205,316	2,164,066	2,315,113	2,976,887	3,268,525	3,664,549
19,206,211	19,999,125	20,214,409	20,798,447	21,506,049	23,618,438
8,346,440	8,685,188	8,434,981	8,436,777	9,344,037	9,950,204
1,513,196	1,753,187	1,540,946	1,754,088	2,095,586	2,109,784
4,253,081	8,128,080	14,132,822	15,866,943	6,787,480	8,313,541
3,112,129	3,218,161	3,327,924	3,459,807	3,134,902	3,466,724
1,857,766	2,162,350	2,089,622	2,206,311	2,287,885	2,119,020
40,494,139	46,110,157	52,055,817	55,499,260	48,424,464	53,242,260
2,671,941	(3,654,022)	(8,796,625)	(10,137,251)	(3,011,720)	(5,739,229)
-	-	-	490,105	-	-
15,565,000	-	7,355,000	2,625,000	4,905,000	1,180,000
1,810,000	-	5,705,000	3,235,000	11,240,000	1,500,000
1,355,339	-	603,685	574,285	1,931,800	-
(1,996,858)	-	(5,984,367)	(3,505,346)	(12,517,062)	(1,478,363)
4,382,005	4,118,286	4,084,294	3,475,606	3,414,597	3,395,882
(5,113,917)	(5,045,560)	(4,446,072)	(4,578,606)	(4,356,820)	(3,845,882)
16,001,569	(927,274)	7,317,540	2,316,044	4,617,515	751,637
$ 18,673,510	$ (4,581,296)	$ (1,479,085)	$ (7,821,207)	$ 1,605,795	$ (4,987,592)
13.71%	14.27%	14.13%	13.98%	12.93%	12.53%

City of Hurst, Texas
Tax Revenues by Source, Governmental Funds, **TABLE A-5**
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	Sales/ Occupancy	Mixed Beverage	Franchise	Total
2008	$ 12,059,844	$ 18,139,071	$ 101,326	$ 2,893,507	$ 33,193,748
2009	12,553,327	16,784,404	97,748	3,037,070	32,472,549
2010	12,321,719	17,443,126	102,436	2,970,646	32,837,927
2011	12,524,464	18,572,224	108,775	3,127,482	34,332,945
2012	12,435,046	18,996,433	95,883	2,965,411	34,492,773
2013	13,251,406	18,921,380	92,144	2,953,568	35,218,498
2014	13,575,451	19,823,691	118,387	3,088,049	36,605,578
2015	14,093,416	21,219,368	143,374	3,038,771	38,494,929
2016	14,045,924	21,262,957	138,968	2,967,123	38,414,972
2017	15,189,099	20,613,996	135,581	2,961,774	38,900,450
Change 2008-2017	25.95%	13.64%	33.81%	2.36%	17.19%

City of Hurst, Texas
Appraised Value of Property, **TABLE B-1**
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year Ended 30-Sep	Residential Property	Commercial Property	Industrial Property	Appraised Value	Tax-Exempt Property	Total Direct Tax Rate
2008	$ 1,600,235	$ 1,013,498	$ 29,906	$ 2,643,640	$ 240,201	0.535
2009	1,612,834	1,021,395	33,316	2,667,545	230,114	0.535
2010	1,606,422	993,369	33,263	2,633,054	232,761	0.535
2011	1,576,336	932,584	32,531	2,541,451	242,157	0.578
2012	1,572,194	932,314	31,484	2,535,992	244,648	0.578
2013	1,581,124	947,359	42,682	2,571,165	248,574	0.608
2014	1,607,262	988,250	36,291	2,631,803	246,939	0.608
2015	1,685,063	1,034,091	40,550	2,759,704	251,249	0.606
2016	1,587,424	975,963	34,254	2,597,641	238,300	0.611
2017	1,745,042	1,144,598	37,283	2,926,923	298,859	0.588

Source: Tarrant County Appraisal District.

Assessed value is 100% of actual value

City of Hurst, Texas
Direct and Overlapping Property Tax Rates, **TABLE B-2**
Last Ten Fiscal Years
(rate per $100 of assessed value)

	City Direct Rates			Overlapping Rates [a]			
Fiscal Year	Basic Rate	General Debt Service	Total Direct Rate	HEB School District	Tarrant County	Hospital	Tarrant County College
2008	0.409554	0.125446	0.535	1.30371	0.26650	0.23040	0.13938
2009	0.405103	0.129897	0.535	1.29545	0.26400	0.22790	0.13796
2010	0.409791	0.125209	0.535	1.29545	0.26400	0.22790	0.13767
2011	0.445284	0.132716	0.578	1.28819	0.26400	0.22790	0.13764
2012	0.445369	0.132631	0.578	1.41400	0.26400	0.22790	0.14897
2013	0.445369	0.163128	0.608	1.40750	0.26400	0.22790	0.14897
2014	0.445369	0.163128	0.608	1.38750	0.26400	0.22790	0.14950
2015	0.460829	0.145171	0.606	1.37500	0.26400	0.22790	0.14950
2016	0.474277	0.136284	0.611	1.35000	0.26400	0.22790	0.14950
2017	0.461648	0.126252	0.588	1.31600	0.25400	0.22790	0.14473

Source: Tarrant County Appraisal District.

Notes: The City's basic property tax rate must be set according to the State of Texas' Truth-in-Taxation and other applicable laws. Truth-in-Taxation requires an effective and rollback tax rate calculation to be performed and under certain conditions the rates must be published locally. If the City Council adopts a tax rate above the rollback rate (the calculated rate required to generate 8% more operating funds than earned in the previous year), then citizens can call for a rollback election to reduce the tax rate. Rates for debt service are not subject to rollback election and are set based on each year's requirements. The State of Texas does limit the City's overall tax rate to $2.50 per $100 valuation while the City's Charter limits the overall tax rate to $1.50 per $100 valuation.

[a] Overlapping rates are those of local and county governments that apply to property owners within the City of Hurst. Not all overlapping rates apply to all Hurst property owners. In fact, some Hurst property owners pay taxes to the Birdville or Grapevine-Colleyville Independent School Districts. HEB ISD is shown above as the vast majority of Hurst residents reside within HEB ISD's boundaries.

City of Hurst, Texas
Principal Property Tax Payers,
Current Year and Nine Years Ago

TABLE B-3

	2008			2017		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Melvin Simon & Assoc Inc	$ 114,000,000	1	5.00%	$ 131,792,549	1	5.25%
Shops at Northeast Mall LLC	64,000,000	2	2.81%	68,831,304	2	2.74%
Westdale Hills 2013 LP				33,370,101	3	1.33%
Hurst City Apt Partners Ltd	15,900,000	8	0.70%	25,370,833	4	1.01%
Dillard's Properties Inc/Dillard Texas Central LLC	23,827,549	5	1.04%	25,155,628	5	1.00%
Kelly-Moore Paint Co Inc				25,091,155	6	1.00%
Macy's Tx I Lp	14,794,421	10	0.65%	17,897,977	7	0.71%
Mayfair Station LLC	20,000,000	7	0.88%	17,553,000	8	0.70%
Wal-Mart Real Estate Bus Trust/Stores Texas LLC	24,575,147	4	1.08%	17,448,301	9	0.69%
Lowe's Home Centers				16,914,087	10	0.67%
Krg Market Street Village	26,523,158	3	1.16%			
Pipeline West 06 A Llc Etal	20,360,448	6	0.89%			
TXU Electric Delivery Co	15,022,343	9	0.66%			
Total	$ 339,003,066		14.86%	$ 379,424,935		15.11%

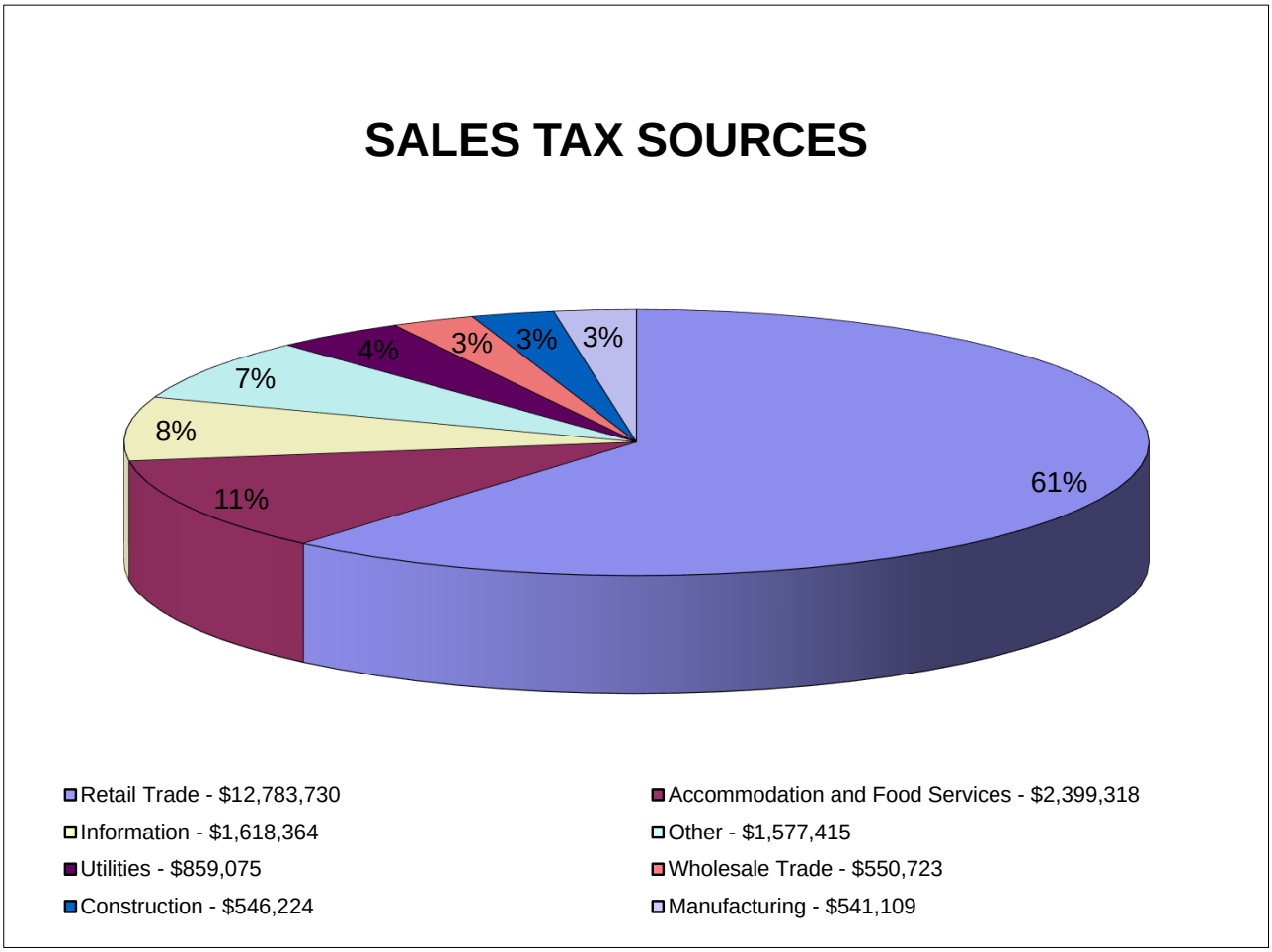
Source: Tarrant Appraisal District

City of Hurst, Texas
Property Tax Levies and Collections, **TABLE B-4**
Last Ten Fiscal Years

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	$ 12,046,674	$ 11,932,464	99.1%	$ 45,425	$ 11,977,889	99.4%
2009	12,534,688	12,417,504	99.1%	47,072	12,464,576	99.4%
2010	12,323,931	12,198,061	99.0%	42,725	12,240,786	99.3%
2011	12,515,487	12,376,485	98.9%	68,729	12,445,214	99.4%
2012	12,355,434	12,248,093	99.1%	91,490	12,339,583	99.9%
2013	13,169,789	13,098,911	99.5%	69,952	13,168,863	100.0%
2014	13,492,137	13,408,082	99.4%	75,382	13,483,464	99.9%
2015	14,059,530	13,953,040	99.2%	61,963	14,015,003	99.7%
2016	14,079,556	13,951,219	99.1%	11,772	13,962,911	99.2%
2017	15,052,747	14,831,734	98.5%	199,103	15,034,230	99.9%

Source: Tarrant County tax assessor and collector

City of Hurst
Sales Tax Sources by NAICS Code **TABLE B-5**
September 30, 2017



Note: Information provided based on NAICS categories as reported by the State Comptroller. State law prohibits reporting of sales tax information associated with individual taxpayers.

Note: Other category includes Agriculture, Mining, Transportation, Finance, Real Estate, Professional, Management, Administrative and Support, Educational, Health Care, Arts, and Public Administration services.

City of Hurst, Texas
Sales Tax Rate & Sales Tax Revenue **TABLE B-6**
Last Ten Fiscal Years

Fiscal Year Ended 30-Sep	Sales Tax Revenue General Fund	Sales Tax Sharing General Fund	Net Sales Tax Revenue General Fund	Net Sales Tax Revenue ACHCST Fund	Sales Tax Revenue CSHCST Fund	Sales Tax Sharing CSHCST Fund	Net Sales Tax Revenue CSHCST Fund
2008	$10,078,798	$1,554,578	$8,524,220	$4,864,205	$5,039,473	$777,289	$4,262,184
2009	$9,295,998	$1,468,459	$7,827,539	$4,565,444	$4,648,112	$734,230	$3,913,882
2010	$9,138,934	$724,048	$8,414,886	$4,335,642	$4,569,585	$362,024	$4,207,561
2011	$9,548,273	$676,706	$8,871,567	$4,714,199	$4,774,222	$338,353	$4,435,869
2012	$9,734,599	$703,694	$9,030,905	$4,860,403	$4,867,421	$351,847	$4,515,574
2013	$9,713,270	$726,364	$8,986,906	$4,839,025	$4,864,710	$363,182	$4,501,528
2014	$10,086,852	$605,778	$9,481,074	$5,028,717	$5,050,819	$302,889	$4,747,930
2015	$10,756,525	$630,372	$10,126,153	$5,358,521	$5,387,596	$315,186	$5,072,410
2016	$10,823,317	$759,423	$10,063,894	$5,438,519	$5,423,974	$379,711	$5,044,262
2017	$10,521,878	$768,090	$9,753,788	$5,225,540	$5,261,090	$332,210	$4,928,880

1.00% Local Sales Tax, Effective 7/1/1993
0.50% Community Services Half-Cent Sales Tax, Effective 7/1/1993
0.50% Anti-Crime Half-Cent Sales Tax, Effective 1/1/1996
2.00% Total Local Sales Tax Rate

ACHCST refers to the Anti-Crime Half-Cent Sales Tax Fund
CSHCST refers to the Community Services Half-Cent Sales Tax Fund

Note on Sales Tax Sharing: In August 1996, the City entered into agreements with Southeastern Simon, Inc. under Chapter 380, Texas Local Government Code, to promote new and expanded economic development. Per these agreements, the City will share a portion of the sales tax generated by such new and expanded business with Southeastern Simon, Inc. for a stipulated period of time. Sales tax sharing for the North East Mall expansion project began in fiscal year 2003 and covers a maximum of 20 years. Sales tax sharing for the Shops at North East Mall began in fiscal year 2002 and concluded in fiscal year 2009.

City of Hurst, Texas
Principal Water Customers **TABLE B-7**
September 30, 2017

	Consumption (1,000 Gallons)	Water Amount	Sewer Amount	Total Bill
Westdale Asset Mgr.	52,985	$ 317,707	$ 22,789	$ 340,496
City Of Hurst	48,065	$ 255,970	$ 39,343	$ 295,314
Wellesley Park Apts	32,993	$ 119,550	$ 89,237	$ 208,787
Tarrant County Jr Co	32,427	$ 155,112	$ 36,724	$ 191,835
Brookwind Ltd.	31,690	$ 137,422	$ 64,060	$ 201,481
Dcp 601 Brown Trail, Llc	30,002	$ 109,053	$ 80,574	$ 189,627
Hunter Chase Apartments	24,222	$ 89,080	$ 74,329	$ 163,409
S2 Hamilton, Llc	23,762	$ 88,779	$ 76,280	$ 165,059
Whispering Run Apartments	22,190	$ 79,860	$ 56,786	$ 136,646
Jackson Property Agt, Plantation West	15,766	$ 57,482	$ 46,607	$ 104,089
Total	314,102	$ 1,410,015	$ 586,728	$ 1,996,743

City of Hurst, Texas
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years
(principal only; dollars in thousands, except per capita)

	Governmental Activities				Business-type Activities		
Fiscal Year	General Obligation Bonds	Lease Obligation	Certificates of Obligation	Sales Tax Revenue Bonds	Water Revenue Bonds	Certificates of Obligation	Revenue & General Obligation Refunding
2008	$ 10,525	$ -	$ 23,373	$ 11,885	$ 3,130	$ 11,627	$ 3,235
2009	12,410	-	27,729	5,130	-	15,206	5,370
2010	11,380	2,165	27,034	4,390	-	14,566	4,770
2011	13,210	2,165	23,095	2,875	-	11,460	6,490
2012	29,320	1,822	20,300	2,225	-	9,535	6,930
2013	29,404	1,544	19,584	1,555	-	9,013	6,360
2014	30,455	1,256	24,116	1,020	-	6,781	7,392
2015	27,945	1,325	24,425	680	-	6,030	7,440
2016	37,735	896	16,860	445	-	4,515	7,455
2017	37,415	454	15,660	205	-	1,925	8,860

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[b] See Table D-1 for personal income and population data.

Percentage of Personal Income is calculated using Total Primary Government divided by personal income.
Per Capita is calculated using Total Primary Government divided by population.

TABLE C-1

Total Primary Government	Percentage of Personal Income [b]	Per Capita [b]
$ 63,775	6.10%	$1,646
65,845	6.22%	1,699
64,305	5.72%	1,610
59,295	3.11%	1,530
70,132	6.76%	1,877
67,460	6.01%	1,714
71,020	6.27%	1,788
67,845	6.23%	1,770
67,906	6.19%	1,769
64,519	5.63%	1,680

City of Hurst, Texas
Ratios of Net General Bonded Debt to assessed value and
Net Value Bonded Debt Per Capita
Last Ten Fiscal Years
(principal only; dollars in thousands, except per capita)

	General Bonded Debt Outstanding				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Total	Less Debt Service Fund	Net Bonded Debt
2008	$ 10,525	$ 23,373	$ 33,898	$ 485	$ 33,413
2009	12,410	17,333	29,743	507	29,236
2010	11,380	15,654	27,034	514	26,520
2011	13,210	14,959	28,169	496	27,673
2012	29,320	11,230	40,550	449	40,101
2013	29,320	20,300	49,620	1,182	48,522
2014	30,455	23,840	54,295	1,146	48,893
2015	27,945	24,425	52,370	1,084	51,286
2016	37,735	16,860	54,595	997	53,598
2017	37,415	15,660	53,075	1,048	52,027

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. This schedule includes General Bonded Debt Outstanding for Governmental Activities Only.

[a] See Table B-1 for property value data.

[b] Population data can be found in Table D-1

TABLE C-2

Percentage of Appraised Value [a] of Property	Per Capita [b]
1.0606	$ 697
1.0538	706
1.0330	711
0.9808	669
0.9421	641
1.9348	1,252
1.8593	1,277
2.0311	1,338
1.8593	1,397
2.0633	1,355

City of Hurst, Texas
Direct and Overlapping Governmental Activities Debt **TABLE C-3**
As of September 30, 2017
(dollars in thousands)

Governmental Unit	Net Debt Outstanding		Estimated Percentage Applicable [a]	Estimated Share of Direct and Overlapping Debt
Direct				
City of Hurst	$ 53,734		100%	$ 53,734
Debt repaid with property taxes				
Hurst-Euless-Bedford Independent School District	268,469		14.84%	39,841
Birdville Independent School District	266,625	*	11.57%	30,848
Grapevine/Colleyville Independent School District	508,720		0.61%	3,103
Tarrant County	321,795	*	1.54%	4,956
Tarrant County College	20,835	*	1.54%	321
Tarrant County Hospital District	706,961	*	0.23%	1,626
Subtotal, overlapping debt				80,695
Total direct and overlapping debt				$ 134,429

* Gross Debt Outstanding

a The estimated percentage of overlapping debt applicable is provided by the Municipal Advisory Council of Texas. Overlapping rates are those of local and county governments that apply to property owners within the City. The percentage is estimated using assessed property values within the overlapping jurisdiction's boundaries.

City of Hurst, Texas
Legal Debt Margin Information **TABLE C-4**

The City of Hurst does not have a legal debt limit prescribed by state law. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed valuation, for cities operating under a Home Rule Charter. The City's Charter provides that general property taxes are limited to $1.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation bonds.

The City's tax margin for the year ended September 30, 2017 was:

Maximum rate per $100 valuation under Article XI	$	2.500000
City of Hurst's 2016-17 rate		0.587900
Margin	$	1.912100

City of Hurst, Texas
Pledged-Revenue Coverage,
Last Ten Fiscal Years

	Water Revenue Bonds					
Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2008	$ 17,236,109	$ 14,224,391	$ 3,011,718	$ 320,000	$ 161,730	6.25
2009	17,107,551	14,327,423	2,780,128	335,000	145,930	5.78
2010	17,387,284	16,538,863	848,421	-	-	-
2011	20,557,055	17,385,994	3,171,061	-	-	-
2012	19,365,425	17,463,816	1,901,609	-	-	-
2013	19,922,694	18,004,763	1,917,931	-	-	-
2014	19,125,902	18,556,729	569,173	-	-	-
2015	19,686,799	19,483,803	202,996	-	-	-
2016	20,145,243	20,259,538	(114,295)	-	-	-
2017	21,349,781	20,027,047	1,322,734	-	-	-

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

[a] Sales tax revenue bonds are backed by the sales tax revenue produced by the Half-Cent Community Services Development Corporation (HCCSDC).

[b] Excludes one-time, pay-as-you-go capital project costs.

TABLE C-5

Sales Tax Revenue Bonds [a]					
HCCSDC Sales Tax Revenue	Less: Operating Expenses [b]	Net Available Revenue	Debt Service		Coverage
			Principal	Interest	
$ 4,262,184	$ 2,258,050	$ 2,004,134	$ 695,000	$ 258,660	2.10
3,913,882	2,305,120	1,608,762	720,000	237,778	1.68
4,207,561	2,224,925	1,982,636	740,000	214,098	2.08
4,435,869	2,522,416	1,913,453	630,000	17,291	2.96
4,515,574	2,448,519	2,067,055	650,000	69,000	2.87
4,501,528	2,467,786	2,033,742	670,000	53,400	2.81
4,747,930	2,409,652	2,338,278	535,000	37,320	4.09
5,072,410	2,525,601	2,546,809	340,000	24,480	6.99
5,044,263	3,028,990	2,015,273	235,000	16,320	8.02
4,928,877	3,401,889	1,526,988	240,000	10,680	6.09

City of Hurst, Texas
Demographic and Economic Statistics.
Last Ten Calendar Years **TABLE D-1**

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2008	38,750	$ 1,044,971	$ 26,967	37.1	13.5	6,425	4.8%
2009	38,750	1,059,076	27,331	36.9	13.5	6,532	7.5%
2010	38,600	1,085,934	28,133	36.9	13.5	6,688	7.7%
2011	37,330	1,050,205	28,133	38.2	13.5	6,756	7.6%
2012	37,360	1,036,516	27,744	38.8	13.5	6,265	6.0%
2013	38,194	1,088,987	28,512	38.8	13.5	6,521	5.8%
2014	38,280	1,091,439	28,512	38.8	13.5	6,636	4.9%
2015	38,340	1,089,354	28,413	37.9	13.2	6,707	3.8%
2016	38,380	1,097,054	28,584	38.3	13.2	6,897	4.1%
2017	38,410	1,145,770	29,830	38.4	13.2	6,930	3.5%

Sources: Population provided by the North Central Texas Council of Governments. Median age, education level, and personal income data provided by CLARITAS. Unemployment data provided by Texas Workforce Commission. School enrollment data provided by Texas Education Agency.

Note: Personal income is in thousands

City of Hurst, Texas
Principal Employers,
Current Year and Nine Years Ago

TABLE D-2

	2008			2017		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Bell Helicopter Textron, Inc.	4,000	1	19.49%	3,800	1	18.30%
North East Mall (Collective employment of stores other than major employers listed)	2,850	2	13.88%	1,706	2	8.21%
Shops at Northeast Mall (Outside)	800	3	3.90%	800	3	3.85%
HEB ISD	689	4	3.36%	702	4	3.38%
Tarrant County College	490	5	2.39%	575	5	2.77%
Walmart Supercenter	369	8	1.80%	479	6	2.31%
City of Hurst	395	7	1.92%	422	7	2.03%
Dillard's Department Store	400	6	1.95%	338	8	1.63%
Macy's	-		-	231	9	1.11%
J.C. Penney Company	250	9	1.22%	225	10	1.08%
Target Superstore	230	10	1.12%	-		-
Total	10,473		51.02%	9,278		44.67%

Source: City Economic Development Division/City Records

City of Hurst, Texas
Full-time Equivalents City Government Employees by Function/Program,
Last Ten Fiscal Years

	Fiscal Year				
	2008	2009	2010	2011	2012
Function/Program					
General government					
Management services	6.5	7.0	7.0	7.0	7.0
Finance	10.0	11.0	11.0	10.0	10.0
Planning	2.0	3.0	3.0	3.0	6.0
Building	2.0	2.0	2.0	2.0	2.0
Other	26.5	27.0	28.0	25.0	23.5
Conference center	-	-	-	-	-
Police					
Officers	74.0	74.0	74.0	74.0	74.0
Civilians	49.5	49.5	51.3	51.3	51.3
Fire					
Firefighters and officers	56.0	56.0	56.0	56.0	55.0
Civilians	1.5	1.5	1.5	1.5	1.5
Other public works					
Engineering	9.0	10.5	10.5	10.5	7.5
Other	25.5	25.0	25.0	25.8	22.0
Parks and recreation	67.3	68.0	68.0	66.3	52.0
Library	27.5	29.0	29.0	30.0	31.0
Water	29.0	29.0	29.0	29.8	26.5
Wastewater	9.5	9.0	9.0	9.0	9.0
Total	395.8	401.5	404.3	401.2	378.3

Source: City Personnel Office.

TABLE E-1

Fiscal Year				
2013	**2014**	**2015**	**2016**	**2017**
8.5	8.5	8.7	7.0	8.0
10.0	10.0	10.0	9.0	9.0
6.0	6.0	6.0	6.0	6.0
2.0	2.0	3.0	2.0	2.0
26.5	26.5	38.2	42.0	36.5
-	30.0	21.3	24.2	24.2
73.0	72.0	75.0	75.0	75.0
52.5	48.5	54.5	49.5	48.5
60.0	60.0	56.0	56.0	56.0
1.5	1.5	1.9	1.6	1.6
9.0	9.0	8.7	9.2	9.2
22.0	22.0	19.6	19.8	23.9
44.5	44.5	67.2	69.2	66.1
28.5	28.5	27.5	26.7	26.7
26.0	26.0	23.7	23.5	19.0
9.0	9.0	9.0	9.0	10.0
379.0	404.0	430.3	429.7	421.7

City of Hurst, Texas
Operating Indicators by Function/Program.
Last Ten Fiscal Years

	Fiscal Year			
Function/Program	**2008**	**2009**	**2010**	**2011**
General government				
Building permits issued				
Commercial				
Number issued	93	114	119	134
Estimated cost	$19,282,222	$41,935,742	$18,889,983	$15,979,899
Residential				
Number issued	90	135	144	121
Estimated cost	$2,470,978	$1,770,586	$2,626,350	$2,212,308
Public safety				
Police				
Physical arrests	3,645	3,731	3,623	3,353
Parking violations	213	196	258	469
Traffic violations	16,833	16,861	20,990	17,602
Fire/Emergency Medical Services				
Emergency responses	4,382	4,149	4,265	4,503
Patients transported	1,957	1,871	1,959	2,023
Fires extinguished	118	103	133	171
Average Response Time:				
Fire	4:49	4:46	4:43	4:47
EMS	4:42	4:46	4:51	4:45
Inspections	1,200	1,113	812	988
Public Works				
Street resurfacing (miles)	27.0	11.7	17.8	17.8
Potholes repaired (sq. yards)	200,000	84,000	63,000	65,000
Culture and recreation				
Parks and recreation				
Athletic field reservations issued	100	141	86	129
Recreation center admissions	407,727	439,814	421,416	341,228
Library				
Volumes in collection	140,226	141,476	135,206	143,544
Total volumes borrowed	424,561	428,121	420,664	387,486
Water and sewer				
Water customer billings at 9/30	12,094	12,238	12,245	12,240
Water main breaks	36	34	28	36
Average daily consumption (millions of gallons)	5.66	5.32	5.90	5.92

Sources: Various city departments.

TABLE E-2

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
156	165	136	111	123	136
$20,436,524	$53,890,287	$14,761,218	$34,515,346	$35,918,137	$24,515,873
92	141	144	128	191	158
$2,310,930	$3,994,351	$4,787,971	$3,111,349	$4,831,284	$3,514,922
3,250	3,088	2,857	2,897	2,592	2,607
421	186	141	197	152	168
16,311	14,161	17,894	15,996	15,327	14,942
4,735	4,597	4,468	4,702	4,811	4,873
2,281	2,209	2,170	2,040	2,267	2,216
118	106	91	86	112	100
5:03	4:36	5:11	5:01	5:06	4:35
4:45	4:43	5:06	5:03	4:28	4:59
1463	1545	1,412	847	579	300
7.6	9.3	5.32	8.37	6.9	6.9
52,000	43,000	26,000	11,537	12,200	6,612
184	120	88	92	87	60
342,961	368,034	296,719	290,380	281,861	270,356
150,197	160,844	161,608	142,851	145,474	142,751
428,484	444,705	434,205	405,826	378,417	348,932
12,155	11,526	12,237	12,226	12,257	12,327
38	38	56	84	40	27
5.63	5.65	5.16	4.96	4.90	5.02

City of Hurst, Texas
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years

	Fiscal Year Ended				
Function/Program	**2008**	**2009**	**2010**	**2011**	**2012**
Police					
Stations	1	1	1	1	1
Store fronts	2	2	2	2	2
Patrol units	26	26	28	26	29
Fire stations	3	3	3	3	3
Other public works					
Streets (miles)	140	140	141	146	146
Traffic signals	49	50	50	41	41
Parks and recreation					
Acreage	288	290	290	280	280
Playgrounds	15	15	16	16	16
Family aquatic centers	2	2	2	2	2
Water					
Water mains (miles)	198.00	199.70	200.00	211.00	202.50
Fire hydrants	1,257	1,260	1,269	1,268	1,196
Storage capacity (millions of gallons)	9.40	9.40	9.40	8.90	8.90
Wastewater					
Sanitary sewers (miles)	174.50	164.50	163.00	156.00	155.00
Storm sewers (miles)	76.00	77.00	86.00	86.00	86.00

Sources: Various city departments.

TABLE E-3

Fiscal Year Ended				
2013	**2014**	**2015**	**2016**	**2017**
1	1	1	1	1
2	2	3	2	2
30	30	27	26	28
3	3	3	3	3
146	146	146	148	148
41	55	55	56	56
280	280	290	280	280
16	16	16	16	16
2	2	2	2	2
204.00	199.00	201.11	204.00	205.00
1,268	1,205	1,233	1,226	1,235
8.30	8.00	9.40	9.40	9.40
156.00	154.20	153.06	154.50	154.50
86.00	86.00	88.95	86.00	86.00

CITY OF HURST
TEXAS